

IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1977.

No. **77-935**

HELENE CURTIS INDUSTRIES, INC.,  
*Petitioner,*

vs.

CHURCH & DWIGHT CO., INC., and  
ALLIED CHEMICAL CORPORATION,  
*Respondents.*

CHURCH & DWIGHT CO., INC.,  
*Respondent,*

vs.

HELENE CURTIS INDUSTRIES, INC., and  
N. W. AYER & SON, INCORPORATED,  
*Petitioners.*

(Consolidated Causes)

**PETITION FOR WRIT OF CERTIORARI TO THE  
UNITED STATES COURT OF APPEALS  
FOR THE SEVENTH CIRCUIT.**

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Petitioner, Helene Curtis Industries, Inc., prays that a Writ of Certiorari issue to review the judgment of the United States Court of Appeals for the Seventh Circuit.

### OPINIONS BELOW.

The opinion of the Court of Appeals is reported at 560 F. 2d 1325 (1977) and is reprinted in the Appendix to this petition (A. 1-19). The Findings of Fact and Conclusions of Law of the District Court for the Northern District of Illinois, Eastern Division (McGarr, D. J.), are reported at 1977-1 Trade Cases ¶ 61,278 (N. D. Ill. 1977) and are reprinted at A. 104-122.

### JURISDICTION.

The judgment of the Court of Appeals, affirming the order of the District Court granting a temporary injunction, was entered on August 17, 1977. A timely petition for rehearing was denied by the Court of Appeals on September 30, 1977. The jurisdiction of this Court is invoked under 28 U. S. C. § 1254(1).

### QUESTIONS PRESENTED.

1. In a trademark infringement action, was it error for the courts below to grant a preliminary injunction where defendant properly pleaded and the record contained evidence to the effect that plaintiff has used and is using its trademark in violation of antitrust laws and public policy (a) to obtain and maintain its 100% monopoly of the baking soda market, and (b) to expand that monopoly to new products developed by others, including Petitioner's product?

2. Was it error for the Court of Appeals, in affirming an order of preliminary injunction, to hold that antitrust defenses are not a complete defense to a trademark infringement action, but are of "limited applicability and viability" to trademark infringement claims?

3. Did the Court of Appeals err in construing Section 33(b)(7) of the Trademark Act of 1946 (*infra*) by holding that its total effect is merely to provide that antitrust defenses

are available "to defeat the conclusive evidentiary force that would otherwise attach to a trademark certificate. . . .?"

4. Was it error for the courts below to order a preliminary injunction in this case without specifically addressing themselves to the evidence of the use of the trademark in violation of the antitrust laws and without finding a "likelihood that plaintiff would prevail" on the merits of this issue at trial?

5. In a trademark infringement action, was it error for the courts below to grant a preliminary injunction which effectively terminated Petitioner's business in the product at issue, where, because of the courts' conclusion that antitrust violations constitute only a severely limited defense to a trademark infringement action, (a) Petitioner had been enjoined from discovery relating to the antitrust issues; and (b) the district court, in a jury trial case, had ordered that those issues should be tried separately from and subsequently to the "infringement issues" and that the "trademark issues" should be decided prior to and separate from the "antitrust issues"?

6. Where, in an action for trademark infringement brought by a plaintiff which has a 100% monopoly of the consumer baking soda market, the trademark had been and was being used (a) to establish and maintain plaintiff's monopoly, (b) to embrace every new product-opportunity using baking soda, and (c) to foreclose competition by others who sought to introduce and market products containing baking soda, was it error for the Court of Appeals to hold that this defense was "remote and unrelated" and of "questionable legal sufficiency"? (560 F. 2d at 1337, A. 19.)

7. Did the Court of Appeals err in affirming the preliminary injunction and refusing to consider and set aside the District Court's Rule 42(b) order prohibiting defendant from engaging in discovery on its "antitrust defenses" and mandating a separate and subsequent trial and adjudication of the "antitrust issues" following determination of the "infringement issues"?

8. Did the Court of Appeals err in refusing to set aside the preliminary injunction and the Rule 42(b) order in face of the facts: (a) that, although the motion for preliminary injunction was not filed until 13 months after institution of this action, defendant/petitioner was precluded by the order from discovery on the "antitrust issues," which would have been highly relevant to the determination of the preliminary injunction; and (b) that jury trial had been demanded and the effect of the Rule 42(b) order was to deny defendant/petitioner its right to effective trial by jury of its antitrust, unclean hands and public policy defenses to the infringement action?

#### CONSTITUTIONAL PROVISIONS AND STATUTES INVOLVED.

1. *Constitution of the United States*: Fifth Amendment; Seventh Amendment.

2. *The Trademark Act of 1946* (as amended) (the "Act"), 15 U. S. C. §§ 1064 ff. Specifically,

(a) Section 33(a) of the Act (15 U. S. C. § 1115(a)):

"(a) Any registration . . . of a mark . . . shall be prima facie evidence of registrant's exclusive right to use the registered mark on the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude an opposing party from proving any legal or equitable defense or defect which might have been asserted if such mark had not been registered."

(b) Section 33(b)(7) of the Act (15 U. S. C. § 1115(b)(7)):

"(b) If the right to use the registered mark has become incontestable under section 15 hereof, the registration shall be conclusive evidence of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the affidavit filed under the provisions of said section 15 subject to any conditions or

limitations stated therein *except* when one of the following defenses or defects is established:

\* \* \* \* \*

"(7) That the mark has been or is being *used* to violate the antitrust laws of the United States." (Emphasis supplied.)

3. *Sherman Act*, §§ 1 and 2 (15 U. S. C. §§ 1 and 2).

4. *Federal Rules of Civil Procedure*:

*Rule 42(b). Separate Trials.* "The court, in furtherance of convenience or to avoid prejudice, or when separate trials will be conducive to expedition and economy, may order a separate trial of any claims, cross-claim, counterclaim, or third-party claim, or of any separate issue or of any number of claims, cross-claims, counterclaims, third-party claims, or issues, *always preserving inviolate the right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States.*" (Emphasis supplied.)

*Rule 38. Jury Trial of Right.* "(a) *Right Preserved.* The right of trial by jury as declared by the Seventh Amendment to the Constitution or as given by a statute of the United States shall be preserved to the parties inviolate."

#### STATEMENT OF THE CASE.

##### A. The Facts.

Plaintiff/respondent, Church & Dwight (Church) is the owner of the trademark "Arm & Hammer" which it uses for a variety of baking and household products. It has, and for many years has had, a 100% monopoly of the consumer market in baking soda. Church is the registrant of 19 Arm & Hammer marks for a variety of products for use in baking, cleaning and household cleaning and deodorizing. Prior to the events here in issue, Church was engaged in the manufacture and sale of the following products: baking soda, washing soda, laundry detergent, borax, and an oven cleaner (A. 134.) It had marketed

and abandoned baking powder, disinfectant and germicide spray, and garbage can spray.

As appears in a letter to one of Church's product managers Church's "product line has consisted of non-personal care products". (A. 146.) Neither at nor before the time when petitioner/defendant introduced its "Arm in Arm" underarm personal deodorant containing baking soda, was Church engaged in the manufacture or sale of any toiletry or similar personal care article or deodorant. It was only after defendant introduced its personal deodorant "with baking soda," and to counter that product, that plaintiff hastily began marketing its "Arm & Hammer" personal deodorant—labelled and advertised as "The Baking Soda Deodorant." As Church's representatives stated on deposition, it was "the first truly toiletry item that we as a company were engaged in selling. . . ." (A. 136); its "first product that was actually specifically sold for personal use." (A. 135.)

Petitioner Helene Curtis (Curtis) is a well-known manufacturer and distributor of cosmetics and personal care products. It developed and introduced in the marketplace the first personal underarm deodorant containing baking soda. On October 8, 1974, prior to launching the product, representatives of Curtis consulted with Church concerning the availability of baking soda for inclusion as an ingredient of toiletry items, which Church personnel soon decided was specifically to be a personal deodorant. December 30, 1974, Curtis filed an application with the United States Patent and Trademark Office to obtain federal registration of the trademark "Arm in Arm" for an "anti-perspirant and personal deodorant used primarily as a personal deodorant." Counsel for Curtis had submitted their opinion that the trademark was available for the indicated use by Curtis. The Patent and Trademark Office approved the application for publication without citing the Arm & Hammer trademark.

On July 24, 1975, about seven months after Curtis had filed its application, Church filed an application for registration of

its Arm & Hammer trademark as applied to a personal deodorant—the first it had ever filed for such a product.

Curtis proceeded, in accordance with its established marketing practices, to advertise and test market its product, featuring the fact that the product contained baking soda. Prior to termination of its sales because of the preliminary injunction, Curtis had expended about \$6,000,000 in advertisement and promotion of the product.

Shortly thereafter, on May 16, 1975, respondent Church instituted this action for trademark infringement and unfair competition. In June and July, without the test marketing which is usual for new products, Church began selling a personal, underarm deodorant under its trademark "Arm & Hammer", which it represented to be "*The Baking Soda Deodorant*". (Emphasis supplied.) In its efforts to combat Curtis' baking soda product, Church spent several million dollars in advertising and promotion of its product. After affirmance of the temporary injunction by the Seventh Circuit, Curtis terminated the marketing of its product under its trademark Arm in Arm.

#### **B. The Proceedings Below.**

*The Pleadings.* The present action was initially filed by Church in the United States District Court for the Western District of New York. Church sought an injunction, accounting and damages for infringement, dilution and disparagement of its trademark Arm & Hammer, and for unfair competition. (A. 20-37.) It demanded jury trial of the issues raised by the complaint and answer.

Curtis denied the material allegations of the complaint and asserted affirmative defenses and counterclaims. (A. 50-72; 73-97.) So far as here relevant, its affirmative defenses were based on antitrust, public policy and "unclean hands" allegations. In brief, Curtis alleged that respondent had used and was using its trademark to establish and maintain its 100% monopoly of baking soda and products containing baking soda; to preempt and en-

gross the sale of any new consumer products containing baking soda; to prevent the introduction of any consumer product of any type or description containing baking soda which any other entity might offer for sale and to destroy the marketability of any such product; and to engage in restrictive, unfair and predatory practices to prevent and destroy any competition in consumer products containing baking soda. (A. 50-72; 73-97.)

*The Rule 42(b) Order.* On August 17, 1975, Church moved, pursuant to Rule 42(b), Fed. R. Civ. P. 42(b), for a separate trial and adjudication of the so-called trademark issues "in advance of the antitrust issues and a stay of proceedings in the antitrust issues until after a determination of the trademark issues." (A. 98.) Its motion was based on the contention that antitrust allegations do not constitute a defense to an action for trademark infringement. On February 25, 1976, the District Court granted respondent's motion. (A. 98-100.) It noted that plaintiff had demanded a jury trial of all issues, but it held, in effect, that the complaint could be adjudicated and the jury could make its determination of the validity of the trademark and its enforceability and liability for infringement could be decided, without hearing or deciding the antitrust defenses. Accordingly, it ordered that plaintiff's claim of trademark infringement and its prayer for accounting and damages should be first "tried and decided" (A. 100) before either discovery or trial on the "antitrust" issues would be allowed to proceed. Specifically, it ordered "a separate trial of the issues raised by the defendant's affirmative defense and counterclaim after the trial of the issues raised by the complaint." It stayed all proceedings on such "antitrust" defenses "*including discovery*" "*until the issues raised by the complaint have been tried and decided.*" (A. 100.) (Emphasis supplied.) The District Judge refused to certify this order for appeal. Petitioner sought mandamus from the Second Circuit, which was denied in a brief order on July 8, 1976.

*The Preliminary Injunction.* After entry of the District Court's order on February 25, 1976, discovery proceeded, but by reason

of the order, discovery as to the antitrust and related public policy and unclean hands defenses was barred. On June 10, 1976, about four months after entry of the Rule 42(b) order and more than a year after it had instituted its action, Church filed a motion for preliminary injunction which resulted in the order to which this petition for certiorari relates. Defendant Curtis opposed the motion on a variety of grounds, including the evidence in the record which Curtis had been able to assemble, despite the Rule 42(b) order, that the trademark had been misused in violation of the antitrust laws. Curtis emphasized that, because of the Court's Rule 42(b) order, it had not been permitted, in its discovery proceedings, fully to develop evidence to establish its antitrust and related defenses. This was evidence, hereinafter described in more detail, showing that Church had a 100% monopoly of the consumer market in baking soda, and that it had consistently and aggressively, over a period of many years, used its trademark "Arm & Hammer" to protect and expand that monopoly and to harass and exclude or drive from the market any consumer product, other than its own, containing baking soda.

The motion for preliminary injunction had not been ruled on by the Court in the Western District of New York when on November 17, 1976, that Court transferred the action to the Northern District of Illinois, Eastern Division.<sup>1</sup> On January 24, 1977, the Court in the Northern District of Illinois entered its preliminary injunction order against Curtis. It will be noted that this was almost a year after the entry of the Rule 42(b) order—a year during which extensive discovery took place which, by reason of that order, did not include the antitrust and

1. The Court in Illinois consolidated the action with a separate antitrust action which Curtis had filed against Church and Allied Chemical Corporation in the Northern District of Illinois, in which Curtis alleged, among other claims, the antitrust violations that it had alleged as defenses and counterclaims in the action instituted by Church. By that time Curtis' advertising agency, N. W. Ayer & Son Incorporated, had also been named as a defendant along with Curtis. N. W. Ayer has advised that it joins in this Petition.

related issues although, obviously, except for the Rule 42(b) prohibition, many of the witnesses on deposition and much of the ground covered could, at the same time, have been utilized for discovery on the "antitrust" issues.

The preliminary injunction order was appealed to the Court of Appeals for the Seventh Circuit which granted a stay *pendente lite*. On August 17, 1977, the Seventh Circuit vacated its stay and affirmed the preliminary injunction (A1-19), and subsequently denied rehearing. Petitioner Curtis seeks certiorari from this Court to review this determination.

### C. Decisions Below.

The District Court made and entered its *Findings and Conclusions* in support of its preliminary injunction. (A. 104-122.) It concluded that Church's trademark "Arm & Hammer" is valid and that, in selling personal deodorants under the trademark "Arm in Arm," advertised and packaged with the legend "with baking soda," Curtis had infringed Church's trademark.

The court did not consider the merits of Curtis' allegations or the evidence before it, as to the "antitrust" defenses. It made no findings whatever as to the likelihood that Curtis would succeed or fail to establish these defenses—an essential finding if the "antitrust" contentions are, as a matter of law, a defense or bar to the infringement claim. The District Court's sole comment on the "antitrust" issues is Conclusion of Law 4 (A. 122):

"4. None of the evidence before the court shows that confusion involving Arm in Arm and Arm & Hammer has been caused or is likely to be caused by any monopolization or attempted monopolization by plaintiff of Baking Soda or products containing Baking Soda."

Thus the District Court did two things with respect to the evidence relating to Curtis' "antitrust" defenses:

1. Curtis' argument that it was Church's antitrust violations, not any alleged similarity between trademarks, that caused any consumer confusion that might be shown pre-

sented an argument keyed to the language of causation that is contained in Sec. 32(1) of the Trademark Act (15 U. S. C. 1114(1)). From Conclusion 4 quoted above, it is seen that the District Court rejected this argument of Curtis—that the causation called for by the Trademark Act has *not* been shown by Church—on the sole ground that Curtis had not put evidence in the record to support that charge, when the fact is that *Curtis was expressly ordered by the Court itself not to attempt to discover such evidence!*

2. Curtis' second argument is that regardless of what may have caused any consumer confusion that may be shown, Church's various trademark misuses violative of the antitrust laws bar enforcement of its trademark. The District Court's total silence as to whether Curtis is likely to succeed in proving these trademark misuse antitrust defenses demonstrates that the Court believed that any conclusion on this issue was unnecessary. And this belief could only have been based on the erroneous conclusion that the use of a trademark to violate the antitrust laws does not constitute a full defense to a trademark infringement action.

In other words, the District Court mistakenly concluded that the use of a trademark for monopolistic purposes or in violation of antitrust law and public policy does not impair the owner's right to enlist the aid of the courts to enforce the mark: that is, that a trademark may be enforced and injunctive relief granted regardless of any showing as to the trademark's use for prohibited antitrust objectives. Whether an injunction is lawful in such circumstances is the basic issue presented by this petition for certiorari.

On appeal, the Court of Appeals for the Seventh Circuit affirmed. The court discussed the "antitrust issue" only under the heading of and only in connection with its consideration of Curtis' contention that the Rule 42(b) order was invalid and

improper.<sup>2</sup> The Court of Appeals did not discuss the substance of Curtis' allegations or the evidence in support thereof. It noted that Curtis argued that "the misuse of a trademark in violation of antitrust laws is a complete defense to a trademark infringement suit, and that Church & Dwight's 'antitrust violations in the consumer market for baking soda have converted its trademark Arm & Hammer into a powerful, anticompetitive device'." (560 F. 2d at 1335, A. 14.) The court did not agree with this statement of the law. On the contrary, it held, on the legal issue, that "antitrust defenses to trademark infringement claims" were of "*limited applicability and viability*". (560 F. 2d at 1337, A. 19.) (Emphasis supplied.) It asserted that "the defense of antitrust misuse is largely available to defeat the conclusive evidentiary force that would otherwise attach to a trademark certificate under the [Lanham] Act".<sup>3</sup> (Emphasis supplied.) (560 F. 2d at 1336, A. 16.) It did not in any way or degree discuss Curtis' specific allegations of antitrust violations or the evidence thereof which was in the record. It dismissed the matter by referring to "the questionable legal sufficiency of Curtis' allegations of antitrust violations," and made the assertion that "while no proof has yet been adduced by Curtis due to the order it challenges, the allegations of its affirmative defense concern marketing violations involving the baking soda market, rather than misuse of the Arm & Hammer trademark itself." (560 F. 2d at 1337, A. 18.)

2. As to Curtis' contention that the Rule 42(b) order was invalid, the Court of Appeals erroneously concluded that although it had jurisdiction to review the order as involving a question that was basic to and that underlay the order granting the preliminary injunction, the antitrust defenses were not concerned with such basic and underlying issues raised in connection with the appeal. The court also erroneously concluded that even though it had jurisdiction to review the Rule 42(b) order as an incidental discretionary order, the district court judge issuing the order had not abused his discretion.

3. Quoting *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, 298 F. Supp. 1309, 1312 (S. D. N. Y. 1969), aff'd. in relevant part without discussion, 433 F. 2d 686 (CA 2, 1970). At the appellate level, Zeiss primarily involved other issues, and certiorari was denied, 403 U. S. 905 (1971).

As we shall show, this assertion has no basis whatever because Curtis' answer, as supplemented, includes comprehensive and exhaustive allegations of the use of the trademark to sustain and expand the 100% monopoly of Church. Among these are allegations as to the use of the trademark to prevent competition by instituting infringement litigation; threatening customers with infringement action; use of "fighting products" under the name of Arm & Hammer; engaging in predatory practices which constitute "unclean hands"; and public policy considerations stemming from Church's 100% monopoly and its predatory practices. (A. 50-72; 73-97.) Further, the record upon which the preliminary injunction was granted contained substantial evidence in support of those allegations, despite the fact that Curtis had been prohibited from discovery on these issues during the period of almost a year between entry of the Rule 42(b) order and the issuance of the preliminary injunction.

In short, the decision below stands for the proposition that "antitrust defenses" are "of limited applicability and viability" to the issue of enforceability of a trademark in a trademark infringement action so that they need not be specifically considered and evaluated for purposes of a preliminary injunction even though the effect of such injunction in trademark cases, as in the present case, is to destroy, beyond practical possibility of revival, any possibility of preserving the competition which the defendant's product would otherwise supply.

## REASONS FOR GRANTING THE WRIT.

### Summary Statement.

1. The grant of a Preliminary Injunction without evaluating the specifics of the claims and evidence relating to the defenses of antitrust violations and the related defenses of unclean hands and public policy considerations, and without finding as to the likelihood of defendant's success in establishing those defenses upon trial, is contrary to the principles established by prior

decisions of this Court and to Section 33(a) and 33(b)(7) of the Trademark Act (15 U. S. C. §§ 1115(a) and (b)(7)).

2. The use of a trademark to establish or maintain a monopoly or otherwise to violate the antitrust laws or related public policy, is a complete defense to an action for infringement of the trademark. The defense is not of "limited applicability and viability"; it does not merely rebut the "incontestability" of a registered trademark, but by reason of both Section 33(b)(7) and the legal principles established by this Court, it is a complete bar to enforcement of a trademark which has been and is being used as an instrument of antitrust violations.

3. The use of a trademark "progressively to embrace new opportunity as it opened,"<sup>4</sup> where the trademark has been an integral part of a monopoly, is an unlawful use of the trademark in violation of the antitrust laws and public policy, and the courts will not enforce the trademark in such situation. This principle is particularly applicable where, as here, the owner of the trademark has been used in connection with a 100% monopoly of the critical component of the "new opportunity," and where the trademark is used to "embrace" the "new opportunity" which has been created by a new entrant.<sup>5</sup>

4. Quoted from *American Tobacco Co. v. United States*, 328 U. S. 781, 814 (1946).

5. See *U. S. v. Griffith*, 334 U. S. 100, 107 (1948). Reynald Swift, plaintiff's Director of Product Management, confirmed at his deposition that Church & Dwight is the "sole supplier" of baking soda to the housewife. (Swift Dep., 154; A. 141.) As to what the consuming public knows about the Arm & Hammer baking soda monopoly, Mr. Swift testified as follows (Swift Dep., 154, A. 141):

"If consumers were asked who makes baking soda, they would say Arm & Hammer, and if they were then further asked, 'Do you know anyone else?' I'm sure their answer would be, 'No, I don't.'"

Mr. Lewis G. Abney, Product Manager for plaintiff Church, testified as follows (Abney Dep., 114; A. 127):

"Q. Do you know of any manufacturer other than Church & Dwight that sells baking soda to the consumer, Mr. Abney?"

"A. No."

4. "The use of monopoly power, however lawfully acquired to foreclose competition, to gain a competitive advantage or to destroy a competitor," has been held by this Court to be unlawful, and where a trademark has been an integral part of a monopoly in one market, the use of that trademark to gain a competitive advantage in another market is also, by the same rationale, unlawful.

5. Where the owner of the Arm & Hammer trademark identifying baking soda has maintained a 100% monopoly of the baking soda market, and then uses its trademark to introduce and market a deodorant containing baking soda as an advertised ingredient under that trademark only *after* a baking soda-containing deodorant has been developed and introduced by another, *and for the specific purpose* of foreclosing and defeating the new baking soda-containing deodorant, the trademark owner's action is a misuse of its monopoly power that violates the antitrust laws, is contrary to public policy, and is subject to the "unclean hands" defenses and the courts will not grant injunctions or other remedies to the owner of the trademark against the alleged infringer.

6. It is error to grant a preliminary injunction to prevent the use of an allegedly infringing trademark without a specific finding, based upon an evaluation of the evidence and the allegations, as to the likelihood that defendant will be able to establish its "antitrust" defenses, especially where the injunction terminates the marketing of the product beyond realistic possibility of resumption, with the consequence of great loss to the alleged infringer and the destruction of competition.

7. It is error to grant a preliminary injunction where, for almost a year, defendant has been needlessly and erroneously denied an opportunity for discovery of facts fully to establish its "antitrust" defenses by reason of a Rule 42(b) order. This is particularly true where the Rule 42(b) order was erroneous, as this Court has held in comparable cases, because it amounts to denial of a jury trial and because the "trademark" and the

"antitrust" issues are neither "separable" nor "distinct and independent."<sup>6</sup>

8. The questions presented are of great importance to the maintenance of our competitive system and for the vindication of the antitrust laws and public policy, particularly in view of the great significance of the current use of trademarks to establish the dominance of many products in our economy and the difficulties of competing with established trademarked products.

9. Although the basic principles upon which we rely have been established by this Court, this Court has not squarely ruled on the questions presented, but should do so.

#### Summary Argument.

1. *Decisional law and the Trademark Act clearly establish that a trademark may not be used as part of conduct in violation of the antitrust laws.* The Trademark Act expressly preserves the right of opposing parties to prove "any legal or equitable defenses which might have been asserted if such mark had not been registered" (Act, § 33(a); 15 U. S. C. § 1115 (a)), but provides that the otherwise "incontestable" right of a registrant, that arises upon compliance with statutory requirements, to use and enforce its mark is defeated when it is established "That the mark has been or is being used to violate the antitrust laws of the United States" (Act, § 33(b)(7); 15 U. S. C. § 1115(b)(7)). We submit that this language evidences the congressional intent that antitrust violations not only destroy the statutory presumption of incontestability, but also that proof of such violations constitutes a defense to enforcement of the trademark. In any event, prior decisions of this Court demonstrate that, apart from any statutory command, proof of antitrust violations is a complete defense to charges of trademark infringement.

6. Quoted from *Gasoline Products Co., Inc. v. Champlin Refining Co.*, 283 U. S. 494, 500 (1931).

As this Court stated in *Timken Roller Bearing Co. v. United States*, 341 U. S. 593, 599 (1951), "the Trademark Act of [July 5] 1946 itself penalizes use of a mark to violate the antitrust laws of the United States."<sup>7</sup> In the landmark case, *Ford Motor Co. v. United States*, 405 U. S. 562 (1972), this Court reiterated this holding. Speaking of trademarks, the Court said:

"If it becomes a tool to circumvent free enterprise and unbridled competition, public policy dictates that the rights enjoyed by its ownership be kept within their proper bounds." *Id.* 576, footnote 11.

The Court stressed that the availability of antitrust defenses was even more clearly mandated in the case of trademarks than with respect to patents: "Even constitutionally protected property rights such as patents may not be used as a lever for obtaining objectives proscribed by the antitrust laws." *Ford Motor Co.*, 405 U. S. 562, 576, footnote 11 (1972).<sup>8</sup> See also *United States v. Bausch & Lomb Optical Co.*, 321 U. S. 707 (1944).<sup>9</sup>

7. The Court stated, "The reason for the penalty provision was that 'trade-marks have been misused . . . have been used in connection with cartel agreements'." *Timken, supra*, at 599, footnote 8, quoting from 92 Cong. Rec. 7872.

8. Cf. this Court observations in the early Trade Mark Cases: that the system of trademark property and the civil remedies for its protection existed "long anterior to the Act of Congress"; and that trademarks are properly subject to appropriate legislative restriction because, unlike patents or copyrighted works, they have "no necessary relation to invention and discovery" and make no contribution to the public domain. (100 U. S. 82, 94 (1879).)

9. "A distributor of a *trade-marked article* may not lawfully limit by agreement, express or implied, the price at which or the persons to whom its purchaser may resell . . . even the *additional protection of a copyright* [citing cases] or of a *patent* [citing cases] adds nothing to a distributor's power. . . ." (Emphasis supplied.) 321 U. S. at 721. See also, District Judge Forman's opinion in *United States v. General Electric Co.*, 82 F. Supp. 753 (D. N. J. 1949) (the "Mazda" lamp trademark-monopoly case).

The present case calls for vigorous application of this doctrine. It involves a monopoly—a 100% monopoly—in which the trademark (Arm & Hammer) has been used for over 100 years and where, as the record shows, the owner of the trademark has used its *monopoly power* and the carefully nurtured public understanding that any baking soda product is an “Arm & Hammer product” to prevent any new entrance into the field. The trademark is “the heart”—the essential sword and tool—of the monopolist’s ability to protect and extend its monopoly; to embrace new opportunities for its use including those developed by others, potential competitors, and to combat and defeat any product of others containing baking soda. (*Cf. Matter of Borden, infra.*)

What must be proscribed in the present case is the misuse of Church’s monopoly power—through the use of its Arm & Hammer trademark—to extend its monopoly to products containing baking soda. Such misuse has previously been curtailed by this Court in an analogous situation<sup>10</sup> in *United States v. Griffith*, 334 U. S. 100 where it was emphatically stated that:

“The antitrust laws are as much violated by the prevention of competition as by its destruction . . . it follows *a fortiori* that the *use of monopoly power*, however lawfully acquired, to foreclose competition, to *gain a competitive advantage*, or destroy a competitor, is *unlawful*.” (334 U. S. at 107.) (Emphasis supplied.)

Recently this Court again had occasion to address itself to the interaction of trademarks and antitrust where trademarked articles were involved in practices violating Section 1 of the Sherman Act, and, again, its decision demonstrated that the

10. In *United States v. Griffith*, 334 U. S. 100 (1948), this Court held that it was a violation of Sections 1 and 2 of the Sherman Act where defendant theater operators had used their combined monopoly positions in certain towns (one market) to gain competitive advantages in other towns (a second market) where they had no monopoly. This is analogous to the use of Church’s monopoly power in the baking soda market to gain a competitive advantage in the baking soda deodorant market.

rights stemming from a trademark are of no avail when they are part of practices in restraint of trade. *United States v. Topco Associates*, 405 U. S. 596, 600 (1972).<sup>11</sup>

2. *Use of a trademark and trademarked product in violation of the antitrust laws results in non-enforceability of the trademark.* This Court has not specifically ruled upon the precise question of the availability and effect of “antitrust” defenses to the defendant in resisting an action for infringement of the mark. This is a question of great importance because of the increasing dominance of trademarked products—a phenomenon which is particularly evident in the enormous growth of franchise operations based upon the use of registered trademarks. See, e.g., *Topco* and *Chicken Delight, supra*, and *Matter of Borden, infra*.

Holdings of this Court in analogous situations, however, as well as the specific language of Sections 33(a) and 33(b)(7) of the Trademark Act, establish that neither injunctive relief nor damages will be awarded for trademark infringement where the mark is used contrary to public policy or as part of a program to effect results that are unlawful or contrary to public policy. In two early decisions of this Court, cited with approval by this Court in the landmark case of *Morton Salt Co. v. G. S. Suppiger Co.*, 314 U. S. 488 (1942), this Court refused to allow a trademark owner to maintain an infringement action where the trademarked product was being sold so as to injure the public interest. In *Worden & Co. v. California Fig Syrup Co.*, 187 U. S. 516 (1903), plaintiff sued for infringement of its trademark “Syrup of Figs,” used to identify a laxative. The lower court sustained plaintiff’s claim for infringement, but this

11. In *Topco*, the Court held that restrictions upon the freedom of a cooperative’s members to trade as they sought fit could not be justified either by the fact that the goods were trademarked as private brands or by the economic desirability of the imposed restrictions to enable members to compete with chain stores. *Cf. Siegel v. Chicken Delight, Inc.*, 448 F. 2d 43 (CA 9, 1971) (sustaining treble damage action by franchisee based on franchiser’s sale of trademarked item on tie-in conditions).

Court reversed and ordered dismissal of the complaint. The laxative element, according to the Court, was not fig juice, but senna. The Court held that, in view of the public injury, "the right to the exclusive use [of the trademark] cannot be maintained." (*Id.*, at p. 528.) To the same effect is *Manhattan Medicine Co. v. Wood*, 2 S. Ct. 436, 441 (1883).

The rationale of these cases is, of course, equally applicable to situations where the trademarked article is being sold in violation of the public policy reflected in the antitrust laws. As stated by this Court in *Morton Salt Co. v. G. S. Suppiger Co.*, 314 U. S. 488 (1942), citing the above trademark cases: "The patentee, like these other holders of an exclusive privilege granted in the furtherance of a public policy [*i.e.*, trademarks], may not claim protection of his grant by the courts where it is being used to subvert that policy." (At 494.) The court proceeded to state that "It is unnecessary to decide whether respondent has violated the Clayton Act, for we conclude that in any event the maintenance of the present suit to restrain petitioner's manufacture or sale of the alleged infringing machines is contrary to public policy. . . ." (At 494.)

Indeed, this Court has recognized that implementation of antitrust policies requires, in appropriate circumstances, not only that the trademark should not be enforced, but also that the owner of a trademark should be deprived of its use. In *Ford Motor Co. v. United States*, 405 U. S. 562 (1972), the Court sustained a decree that Ford would be prohibited for five years from using its trademark "Ford" on sparkplugs in order to give effect to the decree's requirement that Ford divest itself of Autolite's sparkplug business which it had acquired in violation of the antitrust laws.

In *FTC v. Procter & Gamble Co.*, 386 U. S. 568 (1967), the Court upheld an order of the FTC under Section 7 of the Clayton Act blocking what was characterized as a "product extension merger" of Clorox, which had nearly 50 percent of the market in liquid bleach sales, into Procter & Gamble, which had

54 percent of all packaged detergent sales but which did not sell liquid bleach. Among the reasons given by the Court for affirming the order were that

"the liquid bleach industry was already oligopolistic before the acquisition, and price competition was certainly not as vigorous as it would have been if the industry were competitive. The acquisition may also have the tendency of raising the barriers to new entry. The major competitive weapon in the successful marketing of bleach is advertising." [The Court had previously stated that there were no technical barriers to entry, such as patents or shortages of raw material as is the case here.]

Where trademark advertising is coupled with an actual monopoly, as is the case here, and where such advertising is coupled with an intent to "pre-empt" the merger<sup>12</sup> and a demonstrated intent to discourage others from entering the baking soda deodorant market, as is also the case here,<sup>13</sup> a Section 2 Sherman Act violation is made out.

The importance and applicability of these principles in a monopoly situation like the present case are illustrated by a

12. In a document in whose preparation Lewis G. Abney (plaintiff's Product Manager for its baking soda underarm deodorant) was very much involved (Abney Dep. 127), the Church & Dwight plan to use its trademark *ARM & HAMMER* as a powerful anti-competitive device with which to badger competition was stated bluntly, in plain and unvarnished terms, as follows (Defendant's Church & Dwight Deposition Exhibit 7, Doc. page P9291):

"General Advertising Strategy"

\* \* \*

"4. Pre-empt all competitive (or potentially competitive) deodorants which contain baking soda by capitalizing upon the *ARM & HAMMER* name." (Emphasis supplied.)

13. It is established in the record that Church & Dwight increased its advertising in the Denver area upon discovering that Johnson & Johnson was attempting to test market its *SHOWER TO SHOWER* baking soda deodorant. It is also established in the record that Church & Dwight has caused Colgate Palmolive to change the label on its *PEAK* toothpaste package for a toothpaste which contains baking soda as an advertised ingredient.

recent Federal Trade Commission proceeding. *Matter of Borden, Inc.*, FTC Docket No. 8978 (Antitrust Tr. Reg. Rep. BNA No. 780 (G-1, 1976)). Borden occupied between 75 and 90% of the national market for processed lemon juice, which it sold under its trademark ReaLemon. The Administrative Law Judge, in an unusually illuminating opinion, demonstrated the interrelationship between trademarks and monopoly position. He held that, "The heart of the monopoly power preserved and maintained by respondent Borden lies in the ReaLemon trademark and its dominant market position." (Borden at G-7.) He concluded that "For competition to enter the processed lemon juice industry, the barrier to entry which inheres in the ReaLemon trademark must be eliminated." As a consequence, he ordered compulsory licensing of the trademark.

Similarly, we submit that for the courts to permit Church to enforce Arm & Hammer trademark, which is "the heart" of its 100% monopoly in the consumer baking soda market, in a new field would be to sanction the extension of its monopoly in clear violation of antitrust law and policy as enunciated in *Griffith, supra*. And it is obviously error, with profound implications for our law and public policy, to hold, as the Seventh Circuit did in the present case where the trademark is "the heart" of a 100% monopoly, that "antitrust defenses to trademark infringement claims . . . [are of] limited applicability and viability", and on this basis to affirm a preliminary injunction which, in effect, finally terminates the entry of a competitor.

The court's extraordinarily limited view of available anti-trust defenses is graphically demonstrated by its reference, without any factual discussion, to the relevant allegations and evidence before it. Proceeding on a basic misconception of the interrelationship of antitrust practices and trademark enforcement, the Court of Appeals referred to "the questionable legal sufficiency of Curtis' allegations of violations of antitrust violations." (560 F. 2d at 1337, A. 19.) Those "allegations," which the court held were of "questionable legal sufficiency," embraced

practically all monopolistic, restrictive and predatory practices recognized in our law. They include the following:

- Plaintiff had used and exploited its trademark to achieve and maintain a 100% monopoly of the consumer market for baking soda for more than 100 years in the marketplace;
- Plaintiff harassed others, including the defendant, who introduced or sought to introduce consumer products containing baking soda or who used the word "Arm"; it did so by making and marketing fighting products; by intimidation of potential competitors and potential customers; by product disparagement; and by litigation;
- Only after Curtis had filed to register its trademark for an underarm deodorant did the plaintiff Church seek to register its mark for the same type of product; and only after defendant Curtis had developed and begun marketing a novel product containing baking soda (underarm deodorant), did plaintiff for the first time begin to market a personal deodorant under an extension of its "Arm & Hammer" mark; and it represented that the product so marked was "The Baking Soda Deodorant" (implying, by reliance upon the trademark's established monopoly, that it was *the only* authentic baking soda deodorant).

These allegations were supported by evidence in the record, despite the fact that Curtis had been enjoined from discovery with respect to the issue, showing the following: Church's 100% monopoly of baking soda; the identification in the marketplace of baking soda with the trademark Arm & Hammer so that they were practically synonymous with the minds of competitors; Church had never manufactured or sold a personal deodorant until after Curtis entered the field with its "baking soda" product; Church was not theretofore engaged in the cosmetics or personal toilet goods business and its registrations of Arm & Hammer did not include a personal deodorant; Church rushed a competing product to market, without the usual test marketing, using its trademark "Arm & Hammer" to combat and defeat

Curtis' entrant; Church had taken similar retributive action to combat the introduction, and otherwise to interfere with, a baking soda personal deodorant by Johnson & Johnson under the trademark "Shower to Shower" and of a dentrifice containing baking soda introduced by Colgate.

Both the Court of Appeals and the District Court recognized the principle that a preliminary injunction should not be issued unless it is found that "there is a likelihood that plaintiff will prevail on the merits," but neither court made or felt it necessary to attempt to make such a finding with respect to the antitrust defenses or related public policy and unclean hands defenses or to discuss the specific factual allegations and evidence relating to those issues. On the contrary, they dismissed the defenses as insufficient as a matter of law, and granted a preliminary injunction, with terminal effects upon petitioner's entrance into the market. We respectfully submit that this raises a question of vital importance upon which this Court should rule.

3. *The issuance of the preliminary injunction in face of the denial of discovery resulting from the Rule 42(b) order was clearly erroneous. That order's prohibition of discovery as to the antitrust defenses, which was in effect for almost a year before issuance of the preliminary injunction and which still remains in force almost two years after being issued in February, 1976, needlessly and erroneously deprived Curtis of an opportunity to discover additional evidence to establish those defenses for purposes of combating the motion for preliminary injunction.*

This Court has reviewed and reversed orders for separate trials. It has made it clear that separate trials may be ordered only if the issues are "so distinct and separable from the others that a trial of it alone may be had without injustice". *Gasoline Products Co., Inc. v. Champlin Refining Co.*, 283 U. S. 494, 500 (1931). Particularly where, as here, the deferred antitrust issue as well as the infringement issue must be tried to a jury, this Court has held that severance of a related issue for prior and separate trial is impermissible because its effect is to deny

the substance of the right to a jury's consideration of all of the facts and issues. This is clearly established by *Beacon Theatres, Inc. v. Westover*, 359 U. S. 500 (1959), a mandamus action. In that case, the trial court had ordered a separate and prior trial of the complaint which requested equitable, declaratory relief for alleged antitrust violations, and deferred trial of defendant's antitrust counterclaim for damages, as to which defendant demanded jury trial. The Court of Appeals refused the writ, but this Court reversed on the grounds that the net effect of a prior trial to the court of the equitable issues would have the effect of denying defendant's right to a jury trial.

The present case is obviously *a fortiori* since admittedly, as demanded by the plaintiff itself, all issues, including those raised by the complaint, must be tried to a jury and the effect of the order is to require the jury to consider and render judgment on the complaint without reference to the crucial facts—the "anti-trust" defenses. Cf. *Thermo-Stitch, Inc. v. Chemi-Cord Processing Corp.*, 294 F. 2d 486 (CA 5, 1961) (opinion by Wisdom, Cir. J.); *Mach-Tronics, Inc. v. Zirpoli*, 316 F. 2d 820 (CA 9, 1963), a mandamus action in which the court set aside an order for separate trials on the following basis:

"We do not see any way in which the respondent could avoid coming to grips with the contention made in the treble damage complaint that the action was brought in the state court for the purpose of giving effect to Ampex's unlawful monopolistic scheme." (At 830.)

The effect of the Rule 42(b) order in the present case fits precisely within the condemnation of *Gasoline Products* and *Westover*. The antitrust-public policy defenses which the order defers for subsequent trial are neither "distinct or separable from" nor "independent of" the issues of enforceability of plaintiff's trademark so as to permit separation of the issues for trial or for purposes of a preliminary injunction. They are the essence of the case.

In the present case, the separation order is also clearly erroneous because jury trial has been demanded and is required with respect to the entire case. The result of the Rule 42(b) order will be that plaintiff's complaint, presenting the issues of validity, infringement, accounting and damages will be determined by a jury in one trial, and thereafter, in a separate trial, defendant's antitrust defenses will be separately presented to a jury—the issues of validity and enforceability having been previously and finally adjudicated in the prior jury trial! Obviously, the net effect of this procedure is to deny the reality of a jury trial to defendant to establish its defense to the complaint as well as its counterclaims. This is forbidden by the Fifth and Seventh Amendments to our Constitution, the specific language of Rule 42(b), by Federal Rules of Civil Procedure Rule 38(a), and by the decisions of this Court, *supra*.

The erroneous Rule 42(b) order, which Curtis has continuously opposed since its entry, also explicitly stayed all proceedings, including discovery, with respect to defendant's antitrust defenses. The result was to deny to defendant an opportunity to develop evidence which would have been available with respect to plaintiff's motion for preliminary injunction. The practical importance of this denial, and the absence of any justification for granting preliminary injunction while it was in effect, is clear from the chronology: Plaintiff's action was filed on May 16, 1975; the District Court entered its Rule 42(b) order on February 25, 1976; plaintiff's motion for preliminary injunction was not filed until June 10, 1976; and the preliminary injunction was not issued until January 24, 1977. During the interim, except for the prohibitions of the Rule 42(b) order, defendant would have had an opportunity, without delaying consideration of the motion for preliminary injunction, to discover additional evidence in support of its antitrust defenses. Certainly, plaintiff should have been barred from obtaining injunctive relief in these circumstances, at least until the effects of the Rule 42(b) order were dissipated by giving

defendant an opportunity for adequate discovery with respect to its antitrust defenses. In the circumstances of this case, denial of this opportunity made issuance of the preliminary injunction clearly erroneous, and it was a denial to defendant of its rights to due process.

### CONCLUSION.

For reasons stated, Petitioner prays that a writ of certiorari be issued to review the judgment herein of the United States Court of Appeals for the Seventh Circuit.

Respectfully submitted,

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Supreme Court, U. S.

**E I L E D**

DEC 29 1977

MICHAEL RODAK, JR., CLERK

IN THE

**Supreme Court of the United States**

OCTOBER TERM, 1977.

**No. 77-935**

HELENE CURTIS INDUSTRIES, INC.,

*Petitioner,*

*vs.*

CHURCH & DWIGHT CO., INC., and  
ALLIED CHEMICAL CORPORATION,

*Respondents.*

CHURCH & DWIGHT CO., INC.,

*Respondent,*

*vs.*

HELENE CURTIS INDUSTRIES, INC., and  
N. W. AYER & SON, INCORPORATED,

*Petitioners.*

(Consolidated Causes)

**APPENDIX OF PETITIONER,  
HELENE CURTIS INDUSTRIES, INC.**

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## In the United States Court of Appeals For the Seventh Circuit

No. 77-1138

HELENE CURTIS INDUSTRIES, INC.

*Plaintiff-Appellant,*

*v.*

CHURCH & DWIGHT CO., INC., and  
ALLIED CHEMICAL CORPORATION,

*Defendants-Appellees.*

CHURCH & DWIGHT CO., INC.,

*Plaintiff-Appellee,*

*v.*

HELENE CURTIS INDUSTRIES, INC.,  
and N.W. AYER & SON, INCORPORATED  
d/b/a N.W. AYER ABH INTERNATIONAL,

*Defendants-Appellants.*

Appeal from the United States District Court for the  
Northern District of Illinois, Eastern Division.  
Nos. 76 C 2235 and 76 C 4398—Frank J. McGarr, Judge.

ARGUED APRIL 4, 1977—DECIDED AUGUST 17, 1977

Before BAUER and WOOD, Circuit Judges, and  
JAMESON,\* Senior District Judge.

\* The Honorable William J. Jameson, United States Senior  
District Judge for the District of Montana, is sitting by  
designation.

JAMESON, *Senior District Judge*: Helene Curtis Industries, Inc. (Curtis) has appealed from a preliminary injunction order enjoining it from using the words "Arm in Arm" or any combination of words including Arm in Arm "as part of any trademark, brand name or other product or commercial identification in connection with the sale, offering for sale, distribution, advertising or promotion of any deodorant or antiperspirant product". The injunction arises from a suit brought by Church & Dwight Co., Inc. (Church & Dwight) charging Curtis with trademark infringement and unfair competition. Curtis counterclaimed, charging Church & Dwight with violation of the antitrust laws in attempting to monopolize the sale of products containing baking soda. Curtis subsequently filed a separate antitrust action, and the two cases were consolidated. Curtis contends that the evidence was insufficient to support the injunction and that it was unfairly precluded from establishing its antitrust counterclaims by a court order staying discovery on that issue. We affirm the order of the district court.

#### *Factual Background*

Church & Dwight is a Delaware corporation which, under its registered trademark Arm & Hammer, has advertised and sold baking soda to the public for over 100 years. It also sells other household and personal care products under the Arm & Hammer trademark, including laundry detergent, washing soda, borax, oven cleaner and personal deodorant. Curtis is an Illinois corporation which sells various personal care products, including Arm in Arm deodorant with baking soda.

Based on an idea derived from Arm & Hammer television commercials, Curtis developed and began test-marketing Arm in Arm with Baking Soda deodorant in three cities on April 28, 1975. In early May, 1975, the initial marketing of the Curtis deodorant came to the attention of Church & Dwight, which was preparing for the marketing of its own baking soda deodorant under

the Arm & Hammer trademark.<sup>1</sup> Church & Dwight immediately protested to Curtis against Curtis' use of the Arm in Arm brand name and packaging.<sup>2</sup> Following Curtis' rejection of its protests, Church & Dwight on May 16, 1975, commenced this action against Curtis in the United States District Court in Rochester, New York.

Curtis answered on July 3, 1975, asserting an affirmative defense and counterclaim predicated on allegations that Church had attempted to monopolize the sale of products containing baking soda. On August 27, 1975, Church & Dwight moved, pursuant to F.R.Civ.P. 42(b), for a separation for trial of the antitrust issues raised by the answer and counterclaim from the trademark issues raised in its complaint. Following a hearing on the motion September 22, 1975, the New York district court on February 25, 1976, entered an order separating trial of the antitrust and trademark issues and staying all proceedings on the antitrust issues pending resolution of the trademark issues. On April 15, 1976, the Court denied Curtis' motion for certification under 28 U.S.C. § 1292(b).

Despite the pendency of the lawsuit, in July, 1975, Curtis expanded from the three-city test to national marketing of Arm in Arm, reaching national distribution in October, 1975. Curtis' decision to expand its marketing program was announced by its division president, who stated:

"As you probably heard, about six weeks ago, Arm and Hammer entered a suit against us in an effort to slow us down with our introduction."

\* \* \* \*

"... We are going ahead faster than ever before. We are so unconcerned with the suit that we are ready to offer a letter of indemnity to any account

<sup>1</sup> Church & Dwight began selling its deodorant in late June and early July, 1975, reaching national distribution in October, 1975.

<sup>2</sup> Arm in Arm deodorant packaging employed a yellow and red color combination similar to that used on Arm & Hammer Baking Soda.

who wants it. As far as you are concerned, you need have no worry or fear regarding this at all." (Finding of Fact 52)

In April, 1976, Curtis further expanded the Arm in Arm line with the introduction of a roll-on deodorant, nationally advertised and distributed in June, 1976.

On June 10, 1976, Church & Dwight filed a motion for preliminary injunction. On June 15, 1976, Curtis filed a petition seeking a writ of mandamus directing the district court to vacate its Rule 42(b) order. The petition was dismissed by the Court of Appeals for the Second Circuit on July 8, 1976.

On June 16, 1976, Curtis filed an antitrust action against Church & Dwight in the court below, repeating the allegations made in its answer and counterclaim in the New York action as well as adding several new ones. On the same date Curtis filed a motion to transfer the New York action to Illinois pursuant to 28 U.S.C. § 1404(a). The New York court granted the motion on November 17, 1976, and the case, together with the undecided motion for preliminary injunction, was transferred to Chicago. Upon learning of the Rule 42(b) order, the Illinois district court stayed the antitrust action filed by Curtis. Curtis then moved to vacate the Rule 42(b) order; the motion is still pending.

On January 24, 1977, the district court entered its Preliminary Injunction Order against Curtis, to become effective on April 1, 1977. The order was accompanied by detailed findings of fact<sup>3</sup> and conclusions of law. The court concluded, *inter alia*:

In view of the irreparable injury that will be suffered by plaintiff if defendant's trademark infringement and unfair competition are not immediately enjoined, the lack of dispute as to the basic facts, and the showing of the probable right of both plaintiff and the public under the law to relief against

<sup>3</sup> These findings will be discussed *infra* in connection with the contentions of the parties.

continuation of defendant Curtis' misleading, confusing and deceptive acts, injunctive relief *pendente lite* should be granted.

Curtis filed a notice of appeal on January 27, 1977. On February 11, 1977 this court stayed the preliminary injunction until further order of this court.

### *Propriety of Preliminary Injunction*

The decision to grant or deny a preliminary injunction "depends upon a balancing of several factors, including the likelihood of success on the merits, the lack of adequate remedy at law, the lack of irreparable harm if the injunction is not issued and a comparison of the relative hardships imposed on the parties". *Banks v. Trainor*, 525 F.2d 837, 841 (7 Cir. 1975). "In reviewing the district court's assessment of these factors, the Court of Appeals should not substitute its judgment for that of the lower court unless it is convinced that the district court abused its discretion." *Washington v. Walker*, 529 F.2d 1062, 1065 (7 Cir. 1976), citing, *inter alia*, *Banks v. Trainor*, *supra* at 841. We shall consider in turn each of the factors to be weighed in determining the propriety of the injunction.

#### *(1) Likelihood of Success on the Merits*

Under the Federal Trademark Statute (the Lanham Act), the test of liability for infringement is whether the infringer's "use is likely to cause confusion, or to cause mistake, or to deceive. . . ." 15 U.S.C. § 1114(1). This court has recognized that:

A third party, the consuming public, is present and its interests are paramount. Hence infringement is found when the evidence indicates a likelihood of confusion, deception or mistake on the part of the consuming public. *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266, 274 (7 Cir. 1976).

In determining "likelihood of confusion, several factors are important: the degree of similarity between the marks in appearance and suggestion; the similarity of

the products for which the name is used; the area and manner of concurrent use; the degree of care likely to be exercised by consumers; the strength of the complainant's mark; actual confusion; and an intent on the part of the alleged infringer to palm off his products as those of another". *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, 433 F.2d 686, 705 (2 Cir. 1970), *cert. denied*, 403 U.S. 905 (1971).

The district court's findings of fact reveal numerous factors showing a likelihood of public confusion of the Arm in Arm trademark with that of Arm & Hammer. Arm in Arm employs packaging with a cream yellow background, similar to that used on Arm & Hammer Baking Soda packages, which was chosen because "the cream background packages are most suggestive of baking soda, the unique ingredient in Arm in Arm". (Finding 23.) In questionnaires used in Curtis' initial marketing research, numerous persons stated that the Arm in Arm packaging reminded them of "the yellow background design of the Baking Soda package (Arm & Hammer)". (Finding 24.) On the basis of its marketing research, Curtis concluded on February 7, 1975, that "The name Arm in Arm is a very acceptable name for the test product. The name readily produces such images as: \* \* \* Arm and Hammer Baking Soda." (Finding 22.)

Additionally, the district court detailed multiple examples of actual public confusion. While the test of infringement is the likelihood of confusion, which can be proven without any evidence of actual confusion, such evidence, if available, is entitled to substantial weight. *Tisch Hotels, Inc. v. Americana Inn, Inc.*, 350 F.2d 609, 612 (7 Cir. 1965). Curtis' data compiled from tests of consumer reactions to Arm in Arm television commercials revealed numerous examples of actual confusion. In one survey of three Arm in Arm commercials, 290 out of 998 consumers interviewed who saw the commercials thought Arm in Arm was made by Arm & Hammer while only 276 believed it was made by Curtis. (Finding 46.) Church & Dwight submitted, in conjunction with its motion for preliminary injunction, 39 letters received

from consumers who thought it manufactured Arm in Arm deodorant. Church & Dwight also submitted 93 communications from 82 different retailers and clearing houses received from January 21, 1976 through June 8, 1976, tendering Arm in Arm consumer discount coupons for payment in the mistaken belief that Church & Dwight was the manufacturer of the product. (Finding 50.)

The court found that "Curtis purposefully chose a confusingly similar and infringing trademark for the reason that Arm in Arm readily produces in consumers' minds the image of Arm & Hammer Baking Soda". (Finding 67.) Curtis' continuation and expansion of its Arm in Arm marketing activities, in spite of evidence of confusion revealed by its own research, made clear that "Curtis intended to derive benefit from confusion caused by Arm in Arm to take advantage of goodwill previously established by plaintiff for its Arm & Hammer products". (Finding 68.)

From these findings,<sup>4</sup> we must conclude, as did the district court, that Church & Dwight is likely to succeed on the merits of its infringement claim. The evidence clearly establishes a likelihood of public confusion as to the source of origin of Arm in Arm deodorant, which is the "keystone" for injunctive relief. *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, *supra*, 433 F.2d at 705.

Curtis, however, raises several legal defenses to the trademark infringement claim which it argues are sufficient to preclude the granting of a preliminary injunction. While not actually challenging the findings of a likelihood of confusion, Curtis contends that there is no evidence to show the cause of the confusion. Curtis argues that any confusion which may be shown is caused not by its selection of the Arm in Arm trademark, but by Church & Dwight's misuse of its Arm & Hammer trademark in violation of the antitrust laws. However, as will be discussed in greater detail *infra*, Curtis' an-

<sup>4</sup> While Curtis challenges these findings as "clearly erroneous", it makes no argument in support of its contention. In any case, we find no basis in the record for the assertion.

titrust claims are remote and ill-founded. It is clear from the record that public confusion is the result of Curtis' choice of a trademark infringingly similar to Arm & Hammer.

Curtis next contends that it cannot be found to be an infringer because it was the first user of a trademark employing the word "arm" in the area of deodorants, and there was no showing that the deodorant market was a "natural area of expansion" for Church & Dwight's trademark. It is well settled, however, that a trademark is entitled to protection against infringement by adverse trademarks, even on noncompetitive products, if there is a likelihood that consumers will believe that the later mark is "related to or connected with" the existing trademark. *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 314 F.2d 149, 153 (9 Cir. 1963). As this court stated in *California Fruit Growers Exchange v. Windsor Beverages, Ltd.*, 118 F.2d 149, 152-153 (7 Cir. 1941): "[I]t is now settled in this country that a trade-mark protects the owner against not only its use upon the articles to which he has applied it but also upon such other articles as might naturally or reasonably be supposed to come from him." Curtis' defenses of first use and natural area of expansion are inapplicable in the factual context of this case. Moreover, Curtis' reliance on the natural area of expansion defense is misplaced in light of the district court's findings that "[f]or more than 50 years plaintiff and its predecessors have advertised and promoted Arm & Hammer Baking Soda for use as a deodorant and for other purposes which utilize the product's deodorizing properties". (Finding 14.) See *Fuller Products Co. v. Fuller Brush Co.*, 299 F.2d 772 (7 Cir. 1962).

Curtis also contends that it selected its Arm in Arm trademark in good faith, stating that it was chosen because it prompts images of a young man and woman "going together" and is likely to remind prospective purchasers of a product for underarm use. This equitable argument is contrary to the district court's finding, which is amply supported by the record, that Curtis "purposefully chose a confusingly similar and infringing trademark". (Finding 67.)

Finally, Curtis argues that the trademark Arm & Hammer has become generic to baking soda and is no longer entitled to trademark protection.<sup>5</sup> "A mark is not generic merely because it has some significance to the public as an indication of the nature or class of an article. \* \* \* In order to become generic the principal significance of the word must be its indication of the nature or class of an article, rather than an indication of its origin." *Feathercombs, Inc. v. Solo Products Corp.*, 306 F.2d 251, 256 (2 Cir. 1962), cert. denied, 371 U.S. 910 (1962); accord, *Gibson, Trademark Protection and Practice*, § 2.02[1] at 2-11 to 2-14 (1976). The record does not reveal that the trademark Arm & Hammer has become the generic name for baking soda, but merely shows that the trademark strongly identifies the manufacturer of baking soda products. Compare *Bayer Co., Inc. v. United Drug Co.*, 272 F. 505 (S.D.N.Y. 1921) (aspirin found to be the generic name for acetyl salicylic acid) and *King-Seeley Thermos Co. v. Aladdin Industries, Inc.*, 321 F.2d 577 (2 Cir. 1963) (thermos found to be the generic name for vacuum bottle). As noted by appellee, Arm & Hammer refers to a variety of products including laundry detergent, oven cleaner, deodorant, borax and baking soda. We conclude from the record that Arm & Hammer, while being closely associated with baking soda, has not become its generic name. Cf. *Enders Razor Co. v. Christy Co.*, 85 F.2d 195 (6 Cir. 1936).

We conclude that the defenses asserted by Curtis are insufficient to negate the likelihood of Church & Dwight prevailing on the merits at trial.

## (2) Inadequate Remedy at Law

While this factor was not addressed by the parties, it was considered by the court in its finding that "Defendant Curtis' use of Arm in Arm is causing injury to the Arm & Hammer trademark of a sort that cannot be accurately measured or adequately compensated in money damages". (Finding 59.)

<sup>5</sup> 15 U.S.C. § 1064(c) provides for cancellation of a trademark registration "if the registered mark becomes the common descriptive name of an article. . . ."

### (3) Irreparable Injury

The district court found that "Defendant Curtis' use of Arm in Arm in connection with its marketing of Baking Soda deodorant products is likely to dilute and diminish the distinctive quality of the Arm & Hammer trademarks. . . ." (Finding 61) and that "Plaintiff is suffering irreparable injury as a result of defendant Curtis' use of the trademark Arm in Arm." (Finding 62.) Curtis contends that these findings are not adequately supported by the record and that there was no showing of irreparable injury.

Church & Dwight contends that it has lost over six million dollars on its Arm & Hammer deodorant since its introduction, making it "barely viable" in the antiperspirant market. Moreover, the damage to the goodwill and prominence of the Arm & Hammer trademark through public confusion of it with the Arm in Arm trademark is, in itself, an irreparable injury. As stated by the Second Circuit in *Omega Importing Corp. v. Petri-Kine Camera Co.*, 451 F.2d 1190, 1195 (1971):

Where there is, then, such high probability of confusion, injury irreparable in the sense that it may not be fully compensable in damages almost inevitably follows. While an injured plaintiff would be entitled to recover the profits on the infringing items, this is often difficult to determine; moreover, a defendant may have failed to earn profits because of the poor quality of its product or its own inefficiency. Indeed, confusion may cause purchasers to refrain from buying either product and to turn to those of other competitors.

We conclude that a sufficient showing of irreparable injury to Church & Dwight is made on the record.

### (4) Relative Hardship of the Parties

Curtis contends that it will be severely injured if the preliminary injunction is upheld since it has invested a great deal of money in advertising and has over one million dollars in inventory. Further, Curtis will lose its Arm in Arm trademark for all time.

These arguments merit little equitable consideration in light of Curtis' willful use of an infringing trademark. As the court in *Colgate-Palmolive Co. v. North American Chemical Corp.*, 238 F.Supp. 81, 87 (S.D.N.Y. 1964), stated:

[T]he courts will not shy away from issuing such [preliminary injunctive] relief where to do so would be to aid a second comer who has sought to trade upon the efforts and good will of the first comer. As the Court of Appeals for this Circuit expressed the point thirty years ago: "Advantages built upon a deliberately plagiarized make-up do not seem to us to give the borrower any standing to complain that his vested interests will be disturbed." *M-T Fine Corp. v. Samuels*, 69 F.2d 76, 78 (2d Cir. 1934).

The *Colgate-Palmolive* court continued:

. . . The difficulty is enhanced by the fact that defendant continued and indeed expanded its conduct after notice from plaintiff at a time when defendant could reasonably have minimized its efforts and expenses and when no good will of major value had attached to its activities.

The same situation is present here. Curtis deliberately proceeded with its marketing plans, after being notified by Church & Dwight that Curtis was infringing the Arm & Hammer trademark, in an attempt to "preempt the baking soda idea" and thereby "carve out a \$10 million a year share of the deodorant market 'before competition has a chance to react'." (Finding 36.) This notice was received by Curtis in the early stages of its test-making program before any "good will of major value had attached to its activities". Curtis not only ignored these early warnings, but increased its promotion of Arm in Arm deodorant after entry of the district court's preliminary injunction order. As noted *supra*, the order was entered January 24, 1977, but was not to become effective until April 1, 1977.<sup>6</sup> In spite of the

<sup>6</sup> The effective date of the injunction was delayed as an accommodation to Curtis to give it time to develop a new name and the artwork and labeling to accompany it, and to allow it to complete newspaper and magazine advertisements and promotional programs, to which Curtis was irrevocably committed.

court's instruction not to "continue to promote this product", Curtis on January 27, 1977 initiated a new "one free with one" promotion, offering Arm in Arm products at 50% discount. Upon a Rule to Show Cause why Curtis should not be held in contempt of the preliminary injunction, the court found that the new promotion "in fact violates the spirit of the order", but nonetheless vacated the Rule to Show Cause because of an ambiguity as to the injunction's effective date.<sup>7</sup>

Curtis deliberately proceeded with the marketing and promotion of its deodorant under the Arm in Arm trademark in spite of warnings that the mark was infringing and in spite of an injunctive order and agreement to the contrary. In doing so, it proceeded at its own risk and cannot now be heard to complain that it will be severely injured if the preliminary injunction is upheld. We conclude that the injury to Church & Dwight caused by Curtis' continuing use of the Arm in Arm trademark far outweighs any injury to Curtis, which is largely the result of Curtis' own conduct, flowing from an injunction prohibiting use of the trademark.

##### (5) Laches

Church & Dwight filed its motion for preliminary injunction nearly thirteen months after filing its complaint. Curtis contends that entry of the injunction should have been barred by laches, and that the court's findings on this point are erroneous. Curtis argued that it was "mousetrapped" by Church & Dwight's delay and its "initial willingness to wait to let this matter be decided after a full trial by a jury".

<sup>7</sup> At the hearing the district court noted the probable reason for Curtis' conduct.

"[A]s I commented to the last witness, the statement in the affidavit, in order to continue the level of sales, is a rather revealing condition, it suggests that Helene Curtis somehow felt that they had some right, despite the finding of infringement and unfair competition, to maintain the level of sales until they could get to the Court of Appeals or get the order somehow reversed—a reasonable and fair expectation in terms of their own attitude, but not one that was valid during the pendency of the injunctive order."

Church & Dwight contends that it diligently pursued enforcement of its rights and filed the motion for preliminary injunction promptly after obtaining documents through discovery, resisted by Curtis, revealing Curtis' intent to trade on the goodwill of Arm & Hammer and data showing the confusion caused by use of the Arm in Arm trademark.

It is clear that "mere passage of time cannot constitute laches". *Friend v. H. A. Friend and Company*, 416 F.2d 526, 533 (9 Cir. 1969). "A district court in its discretion, however, may find laches if the passing of time can be shown to have lulled the plaintiff into a false sense of security, and the defendant acts in reliance thereon". *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena, supra*, 433 F.2d at 704.

In this case, the district court found that Curtis expanded its marketing activities for Arm and Arm from its initial three-city test to a national scale "in defiance of plaintiff's protests and with knowledge of the confusion" caused by Arm in Arm. The court concluded: "Defendant Curtis cannot contend that any expenditures in connection with such expansion were made in reliance on plaintiff's failure to advise Curtis that plaintiff's rights in the Arm & Hammer trademark were being violated." (Finding 52.) The court also found that "[A]t the outset of the case, the short time and limited scope of Arm in Arm sales had not been sufficient to develop the evidence of actual confusion presented to the court on this motion."<sup>8</sup> (Finding 51.)

We must agree with the district court's finding that "There has been no laches that would preclude plaintiff from obtaining preliminary injunctive relief" (Finding 55) and its conclusion that "The defense of laches affords no justification for defendant Curtis' continuing deceptive conduct". (Conclusion of Law 3.) There is no

<sup>8</sup> Church & Dwight's efforts to compile the information supportive of its motion were resisted by Curtis, as found by the court:

"Defendants Curtis and Ayer have not been prompt in responding to plaintiff's efforts to obtain evidence of confusion recorded in Curtis' marketing research data."

evidence that Curtis was lulled into a false sense of security or that it acted in reliance on the delay of Church & Dwight. To the contrary, the record shows that Curtis acted with knowledge of the probable consequences.

Overall, we conclude that the preliminary injunction was properly entered in the sound discretion of the district court.

#### *Rule 42(b) Order*

Curtis challenges as clearly erroneous Conclusion of Law 4 which reads:

"None of the evidence before the court shows that confusion involving Arm In Arm and Arm & Hammer has been caused or is likely to be caused by any monopolization or attempted monopolization by plaintiff of Baking Soda or products containing Baking Soda."

Curtis contends that it was unfairly and erroneously precluded from establishing its antitrust defense by the New York district court's order, rendered pursuant to F.R.Civ.P. 42(b), which provided "that there shall be a separate trial of the issues raised by the defendant's affirmative defense and counter claims after the trial of the issues raised by the complaint. All proceedings including discovery on the issues raised by defendant's affirmative defense and counter claims are stayed until the issues raised by the complaint have been tried and decided."<sup>9</sup>

Curtis argues that the misuse of a trademark in violation of antitrust laws is a complete defense to a trademark infringement suit, and that Church & Dwight's "antitrust violations in the consumer market for baking soda have converted its trademark Arm & Hammer into a powerful anti-competitive device". It is further argued that the severance order deprived Curtis

<sup>9</sup> As stated *supra*, the affirmative defense and counterclaims of Curtis were based on alleged antitrust violations flowing from abusive use of the Arm & Hammer trademark.

of an important defense, thereby depriving it of due process of law, and that Curtis was denied its right to trial by jury. Church & Dwight replies that the Rule 42(b) order is not before the court on this appeal and that, in any case, antitrust violations are not a general defense to a trademark infringement claim.

It is settled that an order issued pursuant to Rule 42(b) separating issues for trial is an unappealable interlocutory order. *Travelers Indemnity Co. v. Miller Mfg. Co.*, 276 F.2d 955 (6 Cir. 1960). "Such orders are appealable only by certification and permission under 28 U.S.C. § 1292(b)",<sup>10</sup> 9 Moore's Federal Practice ¶ 110.13[8], or if they fall within the "collateral order" doctrine established in *Cohen v. Beneficial Industrial Loan Corp.*, 337 U.S. 541, 546 (1949). *Garber v. Randell*, 477 F.2d 711, 715 (2 Cir. 1973).

It is also settled, however, that when an interlocutory appeal is taken, as from an order granting an injunction, the appellate court may consider "other orders, although interlocutory and in themselves non-appealable, and such questions as are basic to and underlie the order supporting the appeal". 9 Moore's Federal Practice ¶ 110.25[1], p. 270. But, "where an interlocutory order is properly appealed and review is sought of an incidental discretionary order, the appellate court should not review the discretionary order where there is no showing of an abuse of discretion". *Id.*, p. 272.

We find no abuse of discretion in the order entered by Judge Burke in the Western District of New York, which reads in pertinent part:

Plaintiff has demanded a jury trial of the issues raised by the complaint and answer. The trademark issues differ significantly from the antitrust issues. The witnesses, documentary proof and discovery on

<sup>10</sup> As noted *supra*, the court denied Curtis' motion for certification of an order for an appeal pursuant to 28 U.S.C. § 1292(b), whereupon Curtis sought mandamus in the Court of Appeals for the Second Circuit, which was denied. Curtis' petition for certiorari was dismissed by the Supreme Court, pursuant to its Rule 60, after the case was transferred to the court below.

the respective issues would be different both in character and in scope. Prior determination of the trademark issues could obviate the need for ever trying the antitrust issues.

\* \* \*

There is no merit to defendants' contention that trying the trademark issue first, with a stay of the antitrust issues, would deprive defendants of their day in court on the antitrust defense. The antitrust defense is based on the question whether plaintiff acted in good faith in bringing this suit in asserting its trademarks against defendants and others. A separate trial of the trademark issues will afford the defendants a full opportunity to be heard on the antitrust defense. If the defendants are successful in the trial of the trademark issues in showing that the plaintiff's bad faith assertion of its trademark rights, defendants could then pursue the remaining aspects of the antitrust suit. \* \* \*

As Judge Mansfield recognized in *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, 298 F.Supp. 1309, 1312 (S.D. N.Y. 1969), *aff'd*, 433 F.2d 686 (2 Cir. 1970), *cert. denied*, 403 U.S. 905 (1971), the defense of antitrust misuse is largely "available to defeat the conclusive evidentiary force that would otherwise attach to a trademark certificate under the [Lanham] Act". The defense is made applicable by § 33(b)(7) of the Act, 15 U.S.C. § 1115(b)(7), which provides in pertinent part:

"The certificate [of trademark registration] shall be conclusive evidence of the registrant's exclusive right to use \* \* \* except when one of the following defenses or defects is established:

\* \* \*

"(7) That the mark has been or is being used to violate the antitrust laws of the United States."

Judge Mansfield in *Zeiss* quoted at length from Representative Lanham's explanation of the Senate-House Conference Report, including the following:

"[P]roof of violation of the antitrust laws of the United States by a registrant in the use of his mark does not under this act destroy the validity of or the right of the registrant to continue to use the mark, but it places on him a burden of proof in the event of litigation which others do not have to carry, by diluting the weight the court is to give to his certificate of registration as evidence of ownership and the right to use the mark." (92 Cong. Rec. 7524) 298 F.Supp. at 1312.

Apart from the antitrust defense under § 33(b)(7), Judge Mansfield in *Zeiss* recognized the equity power of a court to deny enforcement of a trademark on the part of one who has used that trademark in violation of the antitrust laws. He recognized also that "the forces favoring exercise of such power in a trademark suit are much weaker than those calling for its exercise in patent litigation",<sup>11</sup> and that "it is significant that in almost every instance where the antitrust misuse of a trademark has been raised as a defense, it has been rejected". 298 F.Supp. at 1314.<sup>12</sup>

Both parties rely upon language in *Union Carbide Corp. v. Ever-Ready, Inc.*, 531 F.2d 366 (7 Cir. 1976), where, as here, the antitrust issues raised as an affirmative defense by the defendants were severed for separate trial pursuant to Rule 42(b). The court recognized that these issues were "not involved" in the appeal. In *Union Carbide*, however, the district court

<sup>11</sup> "The distinction arises from the fact that a patent represents a grant of a limited monopoly that in most instances would, absent its legalization by Congress, constitute an unlawful restraint of trade. . . . A valid trademark, on the other hand, merely enables the owner to bar others from use of the mark, as distinguished from competitive manufacture and sale of identical goods bearing another mark, or even no mark at all, since the purpose of trademark enforcement is to avoid public confusion that might result from imitation or similar unfair competitive practices rather than to authorize restraints upon trade." *Zeiss, supra*, 298 F.Supp. at 1314.

<sup>12</sup> Judge Burke in his order relied on these excerpts from *Zeiss*, noting that the Court of Appeals had approved the district court's rejection of the antitrust defense for the reasons set forth in Judge Mansfield's opinion.

had entered a summary judgment in favor of the defendants, finding no infringement and that the plaintiff's trademark was invalid. In reversing and remanding for trial, this court held that the trademark was valid, but concluded that "the antitrust affirmative defense was sufficiently broad as to include a claim for equitable denial of enforcement of the trademarks on the basis of their claimed use in the violation of the antitrust laws". After referring with approval to Judge Mansfield's comments in *Zeiss*, quoted *supra*, it was held that under the "posture of this case as it has reached us, we will not deny the defendants the opportunity to take up the burden of proof".

The posture of this case is significantly different. It involves a preliminary injunction and the appealability of an incidental discretionary order, rather than a final judgment determining the validity of the trademark. Moreover, "an essential element of the antitrust misuse defense in a trademark case is proof that the work itself has been the basic and fundamental vehicle required and used to accomplish the violation". *Zeiss, supra*, 298 F.Supp. at 1315; see, e.g., *Phi Delta Theta Fraternity v. J. A. Buchroeder & Co.*, 251 F.Supp. 968 (W.D. Mo. 1966). While no proof has yet been adduced by Curtis due to the order it challenges, the allegations of its affirmative defense concern marketing violations involving the baking soda market, rather than misuse of the Arm & Hammer trademark itself.<sup>13</sup> The district court considered the antitrust counterclaim and concluded that the plaintiff had made a case for a preliminary injunc-

<sup>13</sup> In the New York action in which Judge Burke entered the severance order, the antitrust allegations related to bad faith in bringing the action. In the action in the court below this was broadened to include monopolization of the consumer baking soda market. As Judge McGarr noted at the hearing, Curtis "could market a baking soda deodorant, advertise the baking soda aspect of it all they want, as long as they eliminate the problem that arises basically from the use of the word 'Arm'".

tion "independently of the antitrust counterclaim, and despite it".<sup>14</sup>

In light of the limited applicability and viability of antitrust defenses to trademark infringement claims and in light of the questionable legal sufficiency of Curtis' allegations of antitrust violations, we find the antitrust defense to be remote and unrelated to the issues on this appeal. We conclude that the Rule 42(b) order is not concerned with such basic and underlying issues raised on this appeal that we may consider its propriety.

In addition, this appeal was taken before the district court ruled on the motion to vacate the Rule 42(b) order. The district court will have a further opportunity to consider the propriety of the order in the light of the pleadings and this opinion. We find no abuse of discretion in the entry of the Rule 42(b) order and accordingly it is not reviewable on this appeal. There was ample evidence before the district court to warrant the issuance of the temporary injunction.

The order of the district court is affirmed.

A true Copy:

Teste:

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Clerk of the United States Court of  
Appeals for the Seventh Circuit

<sup>14</sup> In responding to the antitrust argument of Curtis at the hearing, Judge McGarr said:

"I've considered that, you made that argument in the pleadings that I have, and it's my conclusion that the antitrust counterclaim and the discovery in conjunction with it and the length of time that it would take does not have sufficient merit or relevance to the present issue to warrant my barring a preliminary injunction for the many months that it would take in order to develop and try that.

"I think the case for the preliminary injunction has been made out, and I think it's been made out adequately, independently of the antitrust counterclaim, and despite it."

IN THE UNITED STATES DISTRICT COURT  
For the Western District of New York

\* \* (Caption Omitted in Printing) \* \*

## SECOND AMENDED AND SUPPLEMENTAL COMPLAINT

Plaintiff for its amended and supplemental complaint avers:

### *Jurisdiction and Venue*

1. This is an action for infringement of United States registered trademarks, and for the wrongful use in commerce of false designations of origin, false descriptions and false representations, all in violation of the Lanham Trademark Act of 1946 (15 U. S. C. §§ 1114(1), 1116-1119, 1125(a)); for infringement and dilution of trademark rights under the laws of the State of New York and at common law; for unfair competition; and for trademark disparagement. Jurisdiction is based on 28 U. S. C. § 1338(a) and 15 U. S. C. § 1121 (trademark suits); 28 U. S. C. § 1338(b) and 15 U. S. C. §§ 1121, 1125(a) (unfair competition actions).

### *The Parties*

2. Plaintiff Church & Dwight Co., Inc., is a Delaware corporation, having its principal place of business at 2 Pennsylvania Plaza, New York, New York 10001.

3. Upon information and belief, defendant Helene Curtis Industries, Inc. (hereinafter "Curtis") is an Illinois corporation having its principal place of business at 4401 West North Avenue, Chicago, Illinois 60639; Curtis has done and is doing business in this judicial district, and Curtis has sold, offered for sale, advertised and distributed in this district the "ARM IN ARM With Baking Soda" product of which complaint is made herein.

4. Upon information and belief, defendant Achter's Key Drug, Inc. (hereinafter "Key Drug") is a New York corporation having its principal place of business at 10 Beresford Road, Rochester, New York 14610.

5. Upon information and belief, defendant N. W. Ayer & Son, Incorporated (hereinafter "Ayer") is a Delaware corporation with its principal place of business at 1345 Avenue of the Americas, New York, New York 10019, and does business at N. W. Ayer ABH International. Ayer has been licensed to do business in New York since 1948; and Ayer has done and is doing business in this judicial district.

### *Plaintiff's Arm & Hammer*

#### *Business and Products*

6. Plaintiff is a marketer of various household and personal care products, including baking soda (also known as sodium bicarbonate) and other products which use sodium bicarbonate as an important ingredient. Such products are distributed and sold throughout the United States; they have changed from time to time, and will in the future change as new products are added and others may be discontinued.

7. For more than a century plaintiff and its predecessors have extensively employed the mark Arm & Hammer for baking soda, sometimes employing the word mark Arm & Hammer alone and sometimes employing the word mark in association with the pictorial representation of an arm and hammer (herein called the "Arm & Hammer Pictorial Mark"). Plaintiff and its predecessors have extended said Arm & Hammer marks to various other household and personal care products, including washing soda, borax, laundry detergent, oven cleaner and Arm & Hammer Baking Soda spray deodorant. Plaintiff has long been preparing to market an Arm & Hammer Baking Soda spray deodorant, and plaintiff commenced nationwide

sales of its Arm & Hammer Baking Soda spray deodorant product shortly after the commencement of this action.\*

8. Plaintiff has employed a color scheme in the trade dress for its packaging of a number of its Arm & Hammer products, consisting of the Arm & Hammer word mark printed in white against a red background and displayed against a yellow overall background. Such color scheme and design are additional indicia which the public associates with plaintiff and a number of its Arm & Hammer products. Plaintiff has extended said color scheme and design to the trade dress of the packaging of its Arm & Hammer Baking Soda spray deodorant, which plaintiff has been selling on a nationwide basis since shortly after the commencement of this action.

9. Plaintiff and its predecessors have advertised, promoted the sale of and sold household and personal care products under the Arm & Hammer marks throughout the United States, expending millions of dollars in such advertising and promotion, all long prior to the activity of defendants complained of herein. In the course of said Arm & Hammer advertising and sales promotion, plaintiff and its predecessors have extensively advertised and promoted the use of Arm & Hammer baking soda for various personal care and household purposes, including use as a personal deodorant and other purposes which utilize the product's deodorizing and cleansing properties.

10. As a result of the widespread use, advertising and promotion of the Arm & Hammer marks for said household and personal care products, each of the Arm & Hammer word mark and the Arm & Hammer Pictorial Mark, separately and

\* [NOTE: The corresponding paragraph (§ 6) in Church & Dwight's original complaint refers to the use of the ARM & HAMMER name on baking soda, and indicates that such use has been extended to washing soda, borax, laundry detergent and oven cleaner. There was no reference to baking soda deodorant in the original complaint because there was no such product at the time of filing the original complaint in May, 1975. Helene Curtis was the first to sell such a product.]

in combination, has, since long prior to the activity of defendants complained of herein, become famous, and has acquired a distinctive meaning with the public as indicating a single source of quality products and as indicating plaintiff and its predecessors as such source.

11. Plaintiff is the owner of the following United States registrations of the ARM & HAMMER marks, and of the goodwill of the business connected with the use of and symbolized by each of the ARM & HAMMER marks of said registrations. Each of said registrations was duly and lawfully issued, and is in full force and effect (a copy of each registration is attached as an exhibit to and made part of this complaint):\*

#### Registrations of the Arm & Hammer Word Mark

Exhibit	Reg. No.	Reg. Date	Goods
1	106,215	Oct. 19, 1915	Saleratus, bicarbonate of soda, and sal-soda
(Mark of Reg. No. 106,215 is ARM & HAMMER BRAND)			
2	106,216	Oct. 19, 1915	Saleratus, bicarbonate of soda, and sal-soda
3	258,620	July 9, 1929	Bicarbonate of soda for use as a dentifrice and a bath salt
4	501,905	Aug. 31, 1948	Sal soda, washing soda, and bicarbonate of soda (baking soda) for use as a detergent, cleaning, and washing agent
5	502,261	Sept. 21, 1948	Sal soda, washing soda, baking soda, and bicarbonate of soda
6	503,377	Oct. 26, 1948	Baking soda (bicarbonate of soda), and baking powder, each for use as an ingredient in the preparation of foods
7	740,803	Nov. 20, 1962	Borax
8	930,654	Mar. 7, 1972	Laundry detergent
9	1,021,831	Oct. 7, 1975	Oven cleaner

\* [NOTE: The registrations are not attached to this appendix].

**Registrations of the Combined Arm & Hammer Word Mark  
and Arm & Hammer Pictorial Mark**

Exhibit	Reg. No.	Reg. Date	Goods
10	47,947	Nov. 28, 1905	Saleratus, bicarbonate of soda, and sal-soda
11	502,070	Sept. 14, 1948	Sal soda, washing soda, and bicarbonate of soda (baking soda)

**Registration of the Arm & Hammer Pictorial Mark**

Exhibit	Reg. No.	Reg. Date	Goods
12	106,214	Oct. 19, 1915	Saleratus, bicarbonate of soda, and sal-soda
13	258,619	July 9, 1929	Bicarbonate of soda for use as a dentifrice and a bath salt
14	501,904	Aug. 31, 1948	Sal soda, washing soda, and bicarbonate of soda (baking soda), for use as a detergent, cleaning and washing agent
15	502,262	Sept. 21, 1948	Sal soda, washing soda, and bicarbonate of soda (baking soda)
16	502,263	Sept. 21, 1948	Baking soda (bicarbonate of soda) and baking powder, each for use as an ingredient in the preparation of foods
17	740,804	Nov. 20, 1962	Borax
18	930,158	Feb. 29, 1972	Laundry detergent
19	1,021,832	Oct. 7, 1975	Oven cleaner

12. Plaintiff has complied with all of the requirements of 15 U. S. C. § 1065 with respect to each of the registrations Exhibits 4, 5, 6, 7, 11, 14, 15, 16, 17. Accordingly, plaintiff's right to use each of said marks in commerce has become incontestable as provided in § 1065; and under 15 U. S. C. § 1115(b), each of said registrations is conclusive evidence of plaintiff's exclusive right to use the registered mark in commerce on or in connection with the goods in the registration which plaintiff has specified pursuant to § 1065.

13. Beginning at a date long prior to defendants' acts of which complaint is made herein:

(a) The products marketed by plaintiff under the ARM & HAMMER marks have enjoyed a deserved, favorable reputation of great value;

(b) Plaintiff has expended and is continuing to expend large sums of money in building, maintaining and extending such reputation;

(c) Plaintiff has been and is now actively engaged in interstate activities designed to promote the products sold and the goodwill identified by the Arm & Hammer marks in interstate commerce; and to expand the use and reputation of the Arm & Hammer marks throughout the United States.

(d) The Arm & Hammer marks have been and continue to be known throughout the United States as marks identifying and distinguishing the products of plaintiff.

**Violations and Injury to Plaintiff**

14. Without the knowledge or consent of plaintiff, and beginning long after plaintiff had built up extensive and valuable goodwill in connection with the products and business identified by the Arm & Hammer marks, upon information and belief:

(a) Defendant Curtis commenced to use and is using "ARM IN ARM With Baking Soda" as a trademark and product identification in connection with the sale, offering for sale, distribution, advertising and promotion of a deodorant containing baking soda;

(b) Defendant Curtis has been and is selling, offering for sale, distributing, advertising and promoting said Arm In Arm With Baking Soda" deodorant product packaged in containers shown in Exhibits 20, 21, 22, 23, 25 and 26. Defendant Curtis has used the containers of Exhibits 20 and 21 both before and after the commencement of this action, and has introduced the containers of Exhibits 22, 23, 25 and 26 after the commencement of this action. Each of the aforesaid containers employs a colorable imitation of the color scheme of the trade dress used for the packaging of plaintiff's Arm & Hammer products, defendant Curtis's containers including the following

features which are individually and collectively calculated to cause confusion of goods and their source and deception of purchasers:

(1) All of the aforesaid Curtis containers display "Arm In Arm With Baking Soda" displayed against a yellow overall background and employ a color scheme and design whose overall effect closely resembles the color scheme and design used for the packaging of plaintiff's ARM & HAMMER Baking Soda and a number of its other ARM & HAMMER products;

(2) All of the aforesaid Curtis containers display Arm In Arm in immediate association with "Baking Soda" and give the trademark and product identification "Arm In Arm With Baking Soda" prominent emphasis, with only subordinate mention that the product is a deodorant, thereby further emphasizing the similarity of defendants' "ARM IN ARM With Baking Soda" and plaintiff's "ARM & HAMMER Baking Soda";

(3) "Arm In Arm With Baking Soda" is displayed as the most prominent identification of origin on all of the aforesaid Curtis containers, with the name of defendant Curtis displayed much less prominently.

(c) Defendant Curtis caused an application to be filed on December 30, 1974 with the U. S. Patent and Trademark Office (Ser. No. 40,622, claiming a first-use date of December 12, 1974) to obtain Federal registration of the trademark Arm In Arm for an "anti-perspirant and personal deodorant used primarily as a personal deodorant"; and in support of said application defendant Curtis submitted the label shown in Exhibit 24 hereto, which defendant Curtis represented to show the Arm In Arm mark as actually used prior to the December 30, 1974 application date.

(d) Upon information and belief, the formulation and ingredients of the product of said December 12, 1974 shipment (claimed by defendant Curtis to be the first use of the ARM IN

ARM mark) were substantially different from the formulation and ingredients of defendant's ultimate "Arm In Arm With Baking Soda" commercial product, which defendant Curtis began test marketing on or about April 28, 1975; the product of said December 12, 1974 shipment contained aluminum chlorohydrate as an active ingredient, whereas the labels of defendant Curtis's commercial product emphasize that baking soda is an important ingredient and that "ARM IN ARM works without heavy chemicals like aluminum salts or chlorohydrates"; and said December 12, 1974 shipment was a mere attempt to reserve the ARM IN ARM mark for a line of business not yet established or existing, and not a bona fide trademark use of ARM IN ARM for the ultimate commercial baking soda deodorant product.

(e) Upon information and belief, in order to obtain clearance from the major radio and television networks to make the advertising claim that the "ARM IN ARM With Baking Soda" deodorant is "the first spray deodorant with baking soda", and with knowledge of the facts pleaded in paragraph 14(d) above, defendant Curtis, through its agent, defendant Ayer, falsely represented to said radio and television networks that its commercial ARM IN ARM spray deodorant with baking soda was shipped through interstate commerce to the retail trade on December 12, 1974; whereas the label used on said December 12, 1974 shipment (Exhibit 24 hereto) shows that the product shipped on that date contained aluminum chlorohydrate, which defendant Curtis's commercial containers (Exhibits 20, 21, 23, 23 hereto) say is the antithesis of defendants' commercial "ARM IN ARM With Baking Soda" deodorant; by said misrepresentation of material facts defendant Curtis obtained said networks' clearance to promote and advertise its "ARM IN ARM With Baking Soda" deodorant as the "first spray deodorant with baking soda"; and on the basis of the clearance obtained by said misrepresentation defendant has been falsely promoting and advertising its "ARM IN ARM With Baking Soda" product as "the first".

(f) Defendant Ayer has participated with, aided and abetted, and is continuing to participate with, aid and abet defendant Curtis (i) in its aforesaid use of "ARM IN ARM With Baking Soda" as a trademark and product identification, (ii) in its use of the containers described in paragraphs 14(b) and 21, and (iii) in its aforesaid use of "the first spray deodorant with baking soda" advertising claim, all in connection with the design, planning, testing, advertising, offering for sale, distribution and sale of defendant Curtis's "ARM IN ARM With Baking Soda" product.

(g) Defendant Key Drug has been selling, offering for sale, distributing and advertising the aforesaid "ARM IN ARM With Baking Soda" product of defendant Curtis, packaged in containers as described above and as shown in Exhibits 20, 21, 22, 23, 25 and 26.

15. Since a date long prior to any conduct of defendants complained of herein:

(a) Upon information and belief, each of the defendants has known of the use of the Arm & Hammer marks by plaintiff to identify and make known its business and products in connection with the marketing of baking soda and other household and personal care products;

(b) Defendants have also had constructive notice under 15 U. S. C. § 1072 of plaintiff's claim of ownership of the ARM & HAMMER marks for the goods specified in the United States registrations of Exhibits 1-8 and 10-18 hereto.

16. Upon information and belief, in selecting and using the "ARM IN ARM With Baking Soda" mark and the aforesaid containers for the "ARM IN ARM With Baking Soda" product, each of the defendants Curtis and Ayer has acted and is acting with the purposes of:

(a) Taking the benefit of the favorable reputation and valuable goodwill which plaintiff has established in the ARM & HAMMER marks; and

(b) Causing and facilitating the products and business of defendant Curtis to be palmed off as made, authorized, sponsored, endorsed by or otherwise connected with plaintiff.

17. As a part of the procurement, distribution, offering for sale, advertising, promotion and sale of products under the "ARM IN ARM With Baking Soda" mark and product identification, upon information and belief:

(a) Defendants Curtis and Key Drug have caused said products to enter into interstate commerce and into commerce substantially affecting interstate commerce;

(b) With knowledge that such use of the "Arm In Arm With Baking Soda" mark and product identification is a false designation of origin and a false representation as applied to the business and products of defendant Curtis, defendants Curtis and Key Drug have caused products identified by said "ARM IN ARM With Baking Soda" mark and product identification to be transported and sold in interstate commerce and in commerce substantially affecting interstate commerce, and have delivered said products to carriers to be transported or sold in such commerce;

(c) Defendant Curtis has used the advertising claim that "ARM IN ARM With Baking Soda" is "the first spray deodorant with baking soda" with knowledge that said claim as used in the context of defendant Curtis's radio and television commercials and other advertisements is a false designation of origin, a false description and a false representation of said product, and tends falsely to describe and represent the same; and with such knowledge of the falsity of said claim defendant Curtis has caused the "ARM IN ARM With Baking Soda" products for which said claim is made to be transported and sold in interstate commerce and in commerce substantially affecting interstate commerce, and has delivered said products to carriers to be transported or sold in such commerce;

(d) Defendants Curtis and Key Drug have distributed, sold, promoted and advertised said "Arm In Arm With Baking Soda"

products in interstate commerce and in commerce substantially affecting interstate commerce.

(e) Defendant Ayer has participated with, aided and abetted, and is participating with, aiding and abetting defendants Curtis and Key Drug in performing the acts described in this paragraph 17, and defendant Ayer has done and is doing so with knowledge that such use of the "ARM IN ARM With Baking Soda" trademark and product identification, and such use of the advertising claim that "ARM IN ARM With Baking Soda" is "the first spray deodorant with baking soda", are false designations of origin and false representations as applied to the business and products of defendant Curtis.

18. Upon information and belief, defendants Curtis and Ayer intend to continue and expand said use of "ARM IN ARM With Baking Soda" as a trademark and product identification in the State of New York and elsewhere, in connection with the distribution, sale, promotion and advertising of said baking soda deodorant products.

19. The "ARM IN ARM With Baking Soda" mark and product identification used by defendant Curtis is a colorable imitation of and confusingly similar to each of plaintiff's ARM & HAMMER marks and to the product identification "Arm & Hammer Baking Soda" used on plaintiff's baking soda containers and on plaintiff's "ARM & HAMMER" Baking Soda spray deodorant. The use by defendants of the "ARM IN ARM With Baking Soda" mark and product identification in connection with the sale, offering for sale, distribution and advertising of said baking soda deodorants is likely to cause confusion, to cause mistake, and to deceive.

20. Defendants' use of the "ARM IN ARM With Baking Soda" mark and product identification as complained of herein is likely to have the effect, and upon information and belief has had the effect of:

(a) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda,

the baking soda deodorant, and other household and personal care products marketed by plaintiff and identified by the ARM & HAMMER marks;

(b) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda deodorant products marketed by defendants and identified by their said use of the "ARM IN ARM With Baking Soda" mark and product identification.

21. Defendants' use of the color scheme and design in the trade dress of each of the containers of Exhibits 20, 21, 22, 23, 25 and 26 as complained of herein is likely to have the effect, and upon information and belief has had the effect of:

(a) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda, the baking soda deodorant, and other household and personal care products marketed by plaintiff, with which the public associates plaintiff's similar color scheme and design as additional indicia of plaintiff's Arm & Hammer products;

(b) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda deodorant products marketed by defendants and identified by their said use of the said color scheme and design in the trade dress of the aforesaid containers.

22. Defendants' use of the advertising claim that "ARM IN ARM With Baking Soda" is "the first spray deodorant with baking soda", in the context of defendant Curtis's radio and television commercials and other advertisements as complained of herein, is likely to have the effect, and upon information and belief has had the effect of:

(a) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda, the baking soda deodorant, and other products marketed by plaintiff and identified by the ARM & HAMMER marks;

(b) Confusing and deceiving purchasers and those in the trade as to the source, nature and quality of the baking soda deodorant products marketed by defendants and identified by their said use of the "ARM IN ARM With Baking Soda" mark and product identification.

23. Upon information and belief, defendants' activities complained of herein have had and will continue to have a substantial adverse effect on plaintiff's existing and projected future business of marketing in interstate commerce, and in the State of New York, products identified by the Arm & Hammer marks, and on the goodwill of plaintiff's business connected with the use of and symbolized by each of the Arm & Hammer marks.

24. Defendants' acts herein complained of have continued after due notice of plaintiff's rights.

25. Despite plaintiff's protests and despite the filing of the present action, defendants Curtis and Ayer have extended the use of the "ARM IN ARM With Baking Soda" mark and brand name, to still another baking soda deodorant, "ARM IN ARM With Baking Soda" roll-on deodorant, and have extended the use of the accused trade dress to the containers therefor, as exemplified by Exhibits 25 and 26 hereto.

26. Starting after plaintiff's protests, defendants Curtis and Ayer launched a massive advertising campaign, which defendant Curtis publicized as "the ARM IN ARM multi-million dollar advertising blitz", for which defendant Curtis has publicized that it is "spending at an annual rate of \$14,000,000".

27. Plaintiff has been damaged by defendants' acts herein complained of, defendants have profited thereby, and unless defendants' conduct complained of herein is preliminarily and permanently enjoined, plaintiff and its goodwill and reputation will suffer irreparable injury of an insidious and continuous sort that cannot be adequately calculated or compensated in money damages.

28. The aforementioned acts of defendants Curtis and Ayer were wilful and deliberate, and without any claim of right, and were attended by circumstances of fraud, malice or a wanton and reckless disregard of plaintiff's rights.

### *Count I*

#### Trademark Infringement

29. Paragraphs 1 through 28 are incorporated herein by reference.

30. Defendants' aforesaid acts constitute trademark infringement in violation of 15 U. S. C. § 1114(1) *et seq.* and of plaintiff's trademark rights at common law.

### *Count II*

#### Unfair Competition

31. Paragraphs 1 through 28 are incorporated herein by reference.

32. Defendants' aforesaid acts constitute unfair competition with plaintiff in violation of plaintiff's rights at common law.

### *Count III*

#### Violation of 15 U. S. C. § 1125(a)

33. Paragraphs 1 through 28 are incorporated herein by reference.

34. Defendants' aforesaid acts constitute a false designation of origin and false representation of goods introduced into interstate commerce, in violation of Section 43(a) of the United States Trademark Act of 1946, 15 U. S. C. § 1125(a).

*Count IV**Dilution*

35. Paragraphs 1 through 28 are incorporated herein by reference.

36. Defendants' aforesaid acts are likely to cause injury to plaintiff's business reputation and confusion as to the source and sponsorship of the goods and business of defendant Curtis and thus to dilute and diminish the distinctive quality of plaintiff's ARM & HAMMER marks, all in violation of Section 368-d of the General Business Law of New York and of plaintiff's rights at common law.

*Count V**Trademark Disparagement*

37. Paragraphs 1 through 28 are incorporated herein by reference.

38. In doing the acts set forth above defendants Curtis and Ayer have published to plaintiff's customers and potential customers statements which could reasonably be understood to cast doubt or create confusion about the validity of plaintiff's Arm & Hammer trademarks for Baking Soda and Baking Soda personal deodorant products, and about the validity and scope of protection of plaintiff's property rights in ARM & HAMMER for Baking Soda and for Baking Soda personal deodorant products.

39. In doing the acts set forth above, defendants Curtis and Ayer have acted with malice and with the intent to deceive the trade and the public into the mistaken belief that "ARM IN ARM With Baking Soda" products are made by the maker of ARM & HAMMER Baking Soda or are otherwise connected with ARM & HAMMER.

40. The acts and false statements of defendants Curtis and Ayer referred to above, including those published in said de-

fendants' "multi-million dollar advertising blitz" for said "ARM IN ARM With Baking Soda" products, have had an adverse economic effect upon plaintiff's business and upon the goodwill and reputation associated with plaintiff's ARM & HAMMER trademarks.

WHEREFORE, plaintiff prays for judgment:

(1) For a preliminary and permanent injunction, restraining defendants, their officers, agents, servants, employees, attorneys and all persons in active concert or participation with defendants or with any of the foregoing, from:

(a) Using the "ARM IN ARM With Baking Soda" or "ARM IN ARM, or any other combination of words which is similar to ARM & HAMMER, as or as part of any trademark, or other product or commercial identification, in connection with the sale, offering for sale, distribution, advertising, or promotion of any household product or any personal care product;

(b) Representing by words or conduct that any product made, offered for sale, sold or distributed by either of the defendants is authorized, sponsored or endorsed by or otherwise connected with plaintiff;

(c) Using in connection with the sale, offering for sale, distribution, advertising or promotion of any household product or any personal care product any label, print, wrapper, receptacle, bottle, container, display, advertisement, radio or television commercial, or printed matter, or material in any medium:

(i) which displays or includes any colorable imitation or simulation of any of plaintiff's Arm & Hammer marks, or

(ii) which is colored in any manner similar to the color scheme used in the trade dress for any of plaintiff's ARM & HAMMER products.

(2) For a permanent injunction requiring defendant Curtis:

(a) To cause to be cancelled or withdrawn the application Ser. No. 40,622 for Federal registration of ARM IN ARM filed

by defendant Curtis with the U. S. Patent and Trademark Office, and any other registration or application to register any of the matter described in paragraph (1)(a) above of these prayers:

(b) Not to apply hereafter to register any of the matter described in paragraph (1)(a) above of these prayers;

(3) For an injunction directing defendants:

(a) To deliver up to plaintiff, under oath and for destruction, all signs, containers, advertisements, promotional material, radio or television scripts, printing devices (including matrices, etc.), business forms and other things, in the possession or under the control of any of the defendants, which display any of the matter described in paragraph (1)(a) above of these prayers, or which uses the trade dress color scheme complained of herein.

(b) To file with the Court and serve on plaintiff, within thirty (30) days after the service on such defendant of said injunction, a report in writing and under oath setting forth in detail the manner and form in which that defendant has complied with the injunction.

(4) For recovery from defendants Curtis and Ayer, jointly and severally, of federal statutory damages equal to defendant Curtis's gross profits from the sale of all ARM IN ARM deodorant products from December 12, 1974, up to the date final judgment is entered herein.

(5) For recovery from defendant Ayer of damages equal to Ayer's gross profits from all work in connection with the development and execution of all phases of the planning, the introduction and the marketing of ARM IN ARM deodorant products, including the basic concept, the name, the promotion, as well as the advertising, from January 1, 1974 up to the date final judgment is entered herein.

(6) For recovery from defendants Curtis and Ayer, jointly and severally, of compensatory damages to repair the damage to the goodwill of plaintiff's business and its ARM & HAMMER trademarks caused by said defendants' massive advertising and sales promotion program for ARM IN ARM With Baking Soda products, for which defendant Curtis asserts it has been spending at an annual rate of \$14,000,000, the amount of said damages being at least \$14,000,000.

(7) For recovery from defendants Curtis and Ayer, jointly and severally, of three times the amount of the compensatory damages pursuant to 15 U. S. C. § 1117.

(8) For recovery from defendants Curtis and Ayer, jointly and severally, of punitive or exemplary damages in an amount three times the compensatory damages.

(9) For an accounting of all of defendant Curtis's profits from the sale of all ARM IN ARM deodorant products from December 12, 1974, up to the date final judgment is entered herein.

(10) For an accounting of all of defendant Ayer's profits from all work in connection with the development and execution of all phases of the planning, the introduction and the marketing of ARM IN ARM deodorant products, including the basic concept, the name, the promotion, as well as the advertising, from January 1, 1974 up to the date final judgment is entered herein.

(11) For an award against defendants Curtis and Ayer of the costs of this action, including plaintiff's attorneys' fees.

(12) For an award against defendants Curtis and Ayer of interest on the final judgment at the statutory rate from the date of filing the original complaint herein until actually paid.

(13) For such other and further relief as the Court may deem just and proper.

Dated: May ....., 1976

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IN THE UNITED STATES DISTRICT COURT,  
For the Western District of New York.

\* \* (Caption Omitted in Printing) \* \*

ANSWER OF HELENE CURTIS INDUSTRIES, INC.,  
AND ACHTER'S KEY DRUG, INC. TO THE SECOND  
AMENDED AND SUPPLEMENTAL COMPLAINT.

Defendants, Helene Curtis Industries, Inc. (hereinafter "Curtis") and Achter's Key Drug, Inc. (hereinafter "Key Drug"), answering the SECOND AMENDED AND SUPPLEMENTAL COMPLAINT herein, say:

(1) Defendants Curtis and Key Drug admit that this is an action alleging trademark infringement, unfair competition and disparagement, but deny any acts of trademark infringement, unfair competition, wrongful use in commerce of false designations of origin, false descriptions, false representations, disparagement or dilution of any trademark rights as pleaded in ¶ 1 of the Second Amended and Supplemental Complaint.

(2-4) Defendants Curtis and Key Drug admit the allegations of ¶ 2-4 of the Second Amended and Supplemental Complaint (the admissions as to the state of incorporation of plaintiff and plaintiff's principal place of business are based on information and belief) except that defendants Curtis and Key Drug deny that the trademark applied to the deodorant product of Curtis here charged to infringe includes the descriptive phrase "With Baking Soda"; Defendants Curtis and Key Drug assert that the trademark of defendant Curtis for its deodorant product is ARM IN ARM, and defendants Curtis and Key Drug reassert the above with regard to each instance set forth in the Second Amended and Supplemental Complaint wherein the Complaint incorrectly asserts that said trademark is "ARM IN ARM With Baking Soda."

(5) Defendants Curtis and Key Drug are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in ¶ 5 of the Second Amended and Supplemental Complaint.

(6) Defendants Curtis and Key Drug deny that plaintiff is a marketer of various personal care products or products other than a personal deodorant which use sodium bicarbonate as an important ingredient; are without knowledge or information sufficient to form a belief as to the truth of the allegations as to plaintiff's plan for adding new products and discontinuing other products; and admit the remaining allegations contained in ¶ 6 of the Second Amended and Supplemental Complaint.

(7) Defendants Curtis and Key Drug deny the allegation that plaintiff and its predecessors had extended the use of the term Arm & Hammer or any other designation of origin to any personal care products prior to the introduction of the spray deodorant, deny that plaintiff had been long preparing to market a baking soda spray deodorant, but admit that plaintiff commenced sales of a spray deodorant bearing the term Arm & Hammer after commencement of this action which was sometime after defendant Curtis commenced the sale of its ARM IN ARM deodorant. Defendants Curtis and Key Drug further admit that plaintiff and its predecessors have extensively used the term Arm & Hammer and the pictorial representation of an arm and hammer on baking soda and have extended the use of the term and said representation to the other household products named in ¶ 7 of the Second Amended and Supplemental Complaint. Except as hereinbefore answered, defendants Curtis and Key Drug deny the allegations of ¶ 7 of the Second Amended and Supplemental Complaint.

(8) Defendants Curtis and Key Drug admit that the deodorant products sold by plaintiff are packaged in containers which are predominantly a brilliant yellow in color, that the deodorant products in said containers were first sold after the commencement of this action, which was some time after defendant Curtis

commenced sale of its ARM IN ARM deodorant, and that the words Arm & Hammer have at times been printed in white on a red background on the containers for plaintiff's products, many of which containers also employ various shades of the color yellow. Defendants Curtis and Key Drug expressly deny that the color yellow or the various color schemes and designs of plaintiff's packages function as indicia of origin, and deny all other allegations not hereinbefore admitted that are contained in ¶ 8 of the Second Amended and Supplemental Complaint.

(9) Defendants Curtis and Key Drug deny that plaintiff and its predecessors have advertised, promoted the sale and sold personal care products in connection with the term Arm & Hammer, other than the spray deodorant, and deny that any expenditures of sums in advertising and promotion of the spray deodorant occurred prior to the sales by defendant Curtis of its ARM IN ARM deodorant. Defendants Curtis and Key Drug further deny that plaintiff extensively advertised and promoted its baking soda for use as a personal deodorant prior to said sales by defendant Curtis. Except as hereinbefore denied, defendants Curtis and Key Drug admit the allegations contained in ¶ 9 of the Second Amended and Supplemental Complaint.

(10) Defendants Curtis and Key Drug deny that the words Arm & Hammer and the pictorial representation of an arm and hammer have had widespread use, advertising and promotion for personal care products, admit that said indicia have acquired a distinctive meaning, but deny that they indicate plaintiff and its predecessors as a source of products. Except as hereinbefore answered defendants Curtis and Key Drug deny the allegations contained in ¶ 10 of the Second Amended and Supplemental Complaint.

(11) Defendants Curtis and Key Drug admit that copies of what purports to be soft copies of United States Trademark Registrations are attached to the Second Amended and Supplemental Complaint as Exhibits 1 through 19, admit the issuance by the United States Patent and Trademark Office of the regis-

trations listed in ¶ 11 of the Second Amended and Supplemental Complaint, deny that said registrations were duly and lawfully issued, and are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations contained in ¶ 11 of the Second Amended and Supplemental Complaint or of the facts recited in Exhibits 1 through 19 thereto.

(12) Defendants Curtis and Key Drug are without knowledge or information sufficient to form a belief as to the truth of the allegations contained in ¶ 12 of the Second Amended and Supplemental Complaint, except that said defendants deny that any of plaintiff's trademark registrations are properly incontestable and deny that plaintiff's registrations are conclusive evidence of any fact.

(13) Defendants Curtis and Key Drug admit that plaintiff has used the names and designs plaintiff designates as "the Arm & Hammer marks", admit that plaintiff has had expenditures in connection with the advertising and promotion of plaintiff's products, admit that plaintiff is now actively engaged in interstate commerce and admit that plaintiff is trying to expand its business. Defendants Curtis and Key Drug deny all statements contained in ¶ 13 of the Second Amended and Supplemental Complaint insofar as they relate to any personal care products marketed by plaintiff in connection with the phrase Arm and Hammer and to the period of time prior to the sale by defendant Helene Curtis of its ARM IN ARM deodorant; deny that the phrase Arm and Hammer or the pictorial representation of an arm and a hammer properly identifies or distinguishes the products of plaintiff as marks; and deny that said phrase represents good will of the plaintiff. Except as hereinbefore answered defendants Curtis and Key Drug deny the allegations contained in ¶ 13 of the Second Amended and Supplemental Complaint.

(14) Defendants Curtis and Key Drug admit that all activities of defendant Curtis are without knowledge and consent of plaintiff, deny any implied requirement for such knowledge and consent, and deny the remaining allegations contained in the

unlettered preamble to ¶ 14 of the Second Amended and Supplemental Complaint.

(14 [a]) Defendants Curtis and Key Drug admit that defendant Curtis commenced to use and is using ARM IN ARM as a trademark in connection with the sale, offering for sale, distribution, advertising and promotion of a deodorant containing baking soda; deny that Curtis' trademark is "ARM IN ARM With Baking Soda"; and are without knowledge or information sufficient to form a belief as to what plaintiff means by the term "product identification" as used in ¶ 14(a) of the Second Amended and Supplemental Complaint. Except as hereinbefore answered, defendants Curtis and Key Drug deny the allegations contained in ¶ 14(a) of the Second Amended and Supplemental Complaint.

(14 [b]) Defendants Curtis and Key Drug admit that defendant Curtis has been and is selling, offering for sale, distributing, advertising and promoting a deodorant bearing the trademark ARM IN ARM and which has on its label the words "With Baking Soda"; however, said defendants deny that Curtis' trademark is "ARM IN ARM With Baking Soda." Defendants Curtis and Key Drug also admit that the Curtis ARM IN ARM deodorant products have been packaged in the containers shown in Exhibits 20, 21, 22, 23, 25 and 26 and also in the container shown in Exhibit 24, further admit that Curtis sold said products in the containers of Exhibits 20 and 21 prior to any sale of Arm and Hammer deodorant as well as prior to the commencement of the instant action, and admit that said deodorant was sold in all containers listed after commencement of the instant action. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 14(b) of the Second Amended and Supplemental Complaint.

(14 [b] [1]) Defendants Curtis and Key Drug admit that the containers identified in ¶ 14(b) of the Second Amended and Supplemental Complaint show the mark ARM IN ARM and the words "With Baking Soda." Except as hereinbefore admitted,

defendants Curtis and Key Drug deny the allegations of ¶ 14 (b)(1) of the Second Amended and Supplemental Complaint.

(14 [b] [2]) Defendants Curtis and Key Drug admit that the containers identified in ¶ 14(b) of the Second Amended and Supplemental Complaint have the mark ARM IN ARM displayed immediately above the words "With Baking Soda" and that the word "deodorant" is in a smaller type. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 14(b)(2) of the Second Amended and Supplemental Complaint.

(14 [b] [3]) Defendants Curtis and Key Drug admit that on the containers identified in ¶ 14(b) of the Second Amended and Supplemental Complaint the mark ARM IN ARM appears in the largest type but deny the remaining allegations of ¶ 14(b)(3) of the Second Amended and Supplemental Complaint.

(14 [c]) Defendants Curtis and Key Drug admit the allegations of ¶ 14(c) of the Second Amended and Supplemental Complaint.

(14 [d]) Defendants Curtis and Key Drug deny that the December 12, 1974 shipment of an antiperspirant and personal deodorant bearing the mark ARM IN ARM by defendant Curtis was "a mere attempt to reserve the ARM IN ARM mark for a line of business not yet established" but, on the contrary, was a bonafide trademark use of the mark ARM IN ARM on antiperspirant and personal deodorant products which resulted in the establishment of trademark rights in the mark ARM IN ARM as applied to said products. Defendants Curtis and Key Drug admit that the formulation and ingredients of the antiperspirant and personal deodorant product on which the mark ARM IN ARM was used, which was shipped on December 12, 1974, was different from the eventual formulation and ingredients of defendant Curtis' ARM IN ARM products that it test marketed in April, 1975 in that the product shipped on December 12, 1974 contained aluminum chlorhydrate and, therefore, functioned as an

antiperspirant as well as a personal deodorant; however, to date all products on which defendant Curtis has used the mark ARM IN ARM have been deodorant products. Defendants Curtis and Key Drug admit that the labels of the present commercial products of defendant state that said commercial products "work without heavy chemicals like aluminum salts or chlorhydrates." Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations contained in ¶ 14(d) of the Second Amended and Supplemental Complaint.

(14 [e]) Defendants Curtis and Key Drug admit that defendant Ayer provided information to radio and television networks in response to the inquiries of those networks, concerning the claim that ARM IN ARM is the first spray deodorant with baking soda as to the shipment of the ARM IN ARM product on December 12, 1974 by defendant Curtis, which product contained no baking soda; however, defendants Curtis and Key Drug deny that any inaccuracy in said information was provided knowingly in that defendants Curtis and Key Drug are informed and believe and, therefore, allege, that the employees of defendant Ayer who obtained the information in regard to the December 12, 1974 shipment from defendant Curtis and the employee of defendant Curtis from whom that knowledge was obtained did not know (and still are not aware) that the December 12, 1974 shipment of the ARM IN ARM product was a shipment of a product that did not contain baking soda. Defendants Curtis and Key Drug also deny that the providing of the aforesaid information to the radio and television networks was a misrepresentation of material facts since defendant Curtis' Arm in Arm product was, in fact, the first spray deodorant with baking soda. Defendants Curtis and Key Drug further deny that the advertising and promotion by Curtis of ARM IN ARM as "the first" has been false and deny that such advertising has been on the basis of advertising clearances obtained from radio and television networks, but rather has been on the basis that, in fact, ARM IN ARM was the first spray deodorant with baking soda. Still further, defendants

Curtis and Key Drug deny that the term "with baking soda" has been promoted as a part of the trademark used by defendant Curtis. Except as hereinbefore answered defendants Curtis and Key Drug deny the allegations of ¶ 14(c) of the Second Amended and Supplemental Complaint.

(14[f]) Defendants Curtis and Key Drug deny that defendant Curtis has used the descriptive term "with baking soda" as a part of its trademark. Defendants Curtis and Key Drug admit that defendant Ayer, acting as the advertising agency for defendant Curtis, has prepared advertising copy containing claims that the ARM IN ARM deodorant product of defendant Curtis was the first spray deodorant with baking soda, which claim is, of course, true. Except as hereinbefore answered, defendants Curtis and Key Drug deny the allegations of ¶ 14(f) of the Second Amended and Supplemental Complaint.

(14[g]) Defendants Curtis and Key Drug deny that the trademark applied by defendant Curtis to its deodorant product includes the descriptive phrase "with baking soda", and admit the remaining allegations of ¶ 14(g) of the Second Amended and Supplemental Complaint.

(15[a]) Defendants Curtis and Key Drug deny that plaintiff ever used the ARM & HAMMER marks to identify and make known its business and products in connection with the marketing of personal care products prior to defendants' activities of which plaintiff complains, since the plaintiff had not used its ARM IN HAMMER marks on personal care products until after defendant Curtis had first sold its ARM IN ARM deodorant product, and defendants Curtis and Key Drug, therefore, deny that they knew of any such use by plaintiff. Defendants Curtis and Key Drug admit the remaining allegations contained in ¶ 15(a) of the Second Amended and Supplemental Complaint.

(15[b]) Defendants Curtis and Key Drug admit the allegations of ¶ 15(a) of the Second Amended and Supplemental Complaint.

(16) Defendants Curtis and Key Drug deny the allegations contained in ¶ 16 of the Second Amended and Supplemental Complaint.

(17) Defendants Curtis and Key Drug deny that the trademark applied by defendant Curtis to its deodorant product includes the descriptive phrase "with baking soda" as alleged in the preamble of ¶ 17 of the Second Amended and Supplemental Complaint.

(17[a]) Defendant Curtis admits that it has sold products bearing the trademark ARM IN ARM in interstate commerce. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 17(a) of the Second Amended and Supplemental Complaint.

(17[b]) Defendants Curtis and Key Drug admit that defendant Curtis has transported and sold products bearing the mark ARM IN ARM in interstate commerce. Except as hereinbefore admitted, defendants Curtis and Key Drugs deny the allegations of ¶ 17(b) of the Second Amended and Supplemental Complaint.

(17[c]) Defendants Curtis and Key Drug admit that defendant Curtis has used the claim that its ARM IN ARM deodorant is the first spray deodorant with baking soda in advertising, since that claim is true, and again admits that the ARM IN ARM products have been transported and sold in interstate commerce. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 17(c) of the Second Amended and Supplemental Complaint.

(17[d]) Defendants Curtis and Key Drug admit that defendant Curtis has distributed, sold, promoted and advertised products bearing the mark ARM IN ARM in interstate commerce. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 17(d) of the Second Amended and Supplemental Complaint.

(17[c]) Defendants Curtis and Key Drug admit that defendant Ayer has provided advertising services in connection with the sale of Arm In Arm deodorant products. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations contained in ¶17(e) of the Second Amended and Supplemental Complaint.

(18) Defendants Curtis and Key Drug admit that defendant Curtis intends to continue and expand the use of its ARM IN ARM trademark in the State of New York and elsewhere in connection with the distribution, sale, promotion and advertising of its baking soda deodorant products. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 18 of the Second Amended and Supplemental Complaint.

(19-23) Defendants Curtis and Key Drug deny the allegations contained in ¶ 19, 20, 21, 22 and 23 of the Second Amended and Supplemental Complaint.

(24) Defendants Curtis and Key Drug admit that each of them has received notice of plaintiff's objection to their sale of the ARM IN ARM deodorant products of defendant Curtis, but said defendants deny the allegations of ¶ 24 of the Second Amended and Supplemental Complaint in the manner and form stated.

(25) Defendants Curtis and Key Drugs admit that, since the instant action was filed defendant Curtis has introduced a roll-on form of deodorant on which it also uses the mark ARM IN ARM which is sold in the containers illustrated in Exhibits 25 and 26 to the Second Amended and Supplemental Complaint. Except as hereinbefore admitted, defendants Curtis and Key Drug deny the allegations of ¶ 25 of the Second Amended and Supplemental Complaint.

(26) Defendants Curtis and Key Drug admit that, since the instant action was filed, defendant Curtis has advertised its ARM IN ARM deodorant product, and that defendant Ayer has acted as the advertising agency for defendant Curtis in con-

ducting such advertising campaigns. Defendants Curtis and Key Drug deny the remaining allegations of fact contained in ¶ 26 in the manner and form stated.

(27 & 28) Defendants Curtis and Key Drug deny the allegations of ¶ 27 and ¶ 28 of the Second Amended and Supplemental Complaint.

(29) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(30) Defendants Curtis and Key Drug deny the allegations of ¶ 30 of the Second Amended and Supplemental Complaint.

(31) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(32) Defendants Curtis and Key Drug deny the allegations of ¶ 32 of the Second Amended and Supplemental Complaint.

(33) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(34) Defendants Curtis and Key Drug deny the allegations of ¶ 34 of the Second Amended and Supplemental Complaint.

(35) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(36) Defendants Curtis and Key Drug deny the allegations of ¶ 36 of the Second Amended and Supplemental Complaint.

(37) Defendants Curtis and Key Drug incorporate by reference the answers hereinbefore made to ¶¶ 1-28 of the Second Amended and Supplemental Complaint.

(38-40) Defendants Curtis and Key Drug deny the allegations contained in ¶¶ 38, 39 and 40 of the Second Amended and Supplemental Complaint.

### *Affirmative Defenses*

#### I.

And as their first Affirmative Defense, defendants Curtis and Key Drug allege:

(41) Plaintiff, upon information and belief, has attempted to monopolize the sale of products containing baking soda (also known as sodium bicarbonate) as an important ingredient by making excessive demands, threats of litigation, and by actually instituting litigation respecting the word "arm" against defendants, and, upon information and belief, against others, which demands, threats and litigation are given colorable validity by reason of the existence of the trademark registrations listed by plaintiff in its Complaint. These activities constitute a misuse of plaintiff's aforesaid Federal trademark registrations and plaintiff's said acts against defendants and others violate the antitrust laws of the United States and of the states wherein plaintiff markets its products.

(42) Upon information and belief, plaintiff's aforesaid demands and threats of litigation, and the actual litigation plaintiff has engaged in, have been and are being committed with the intent and for the purpose of monopolizing and unreasonably restraining the trade and commerce in baking soda and other products having baking soda as an important ingredient among the several states; and plaintiff has not committed said acts in good faith as the result of any actual or threatened trade deception, confusion as to the source, or loss of good will or any other infringement upon its rights in the aforesaid marks and plaintiff's Federal trademark registrations.

(43) Plaintiff, by its aforesaid acts, seeks to forestall defendants and, upon information and belief, others in their lawful use of the word "arm" in their normal and proper promotion and sale of their products in the United States; and plaintiff's said acts constitute a misuse of plaintiff's Federal trademark

registrations which plaintiff employs as one means of effectuating the aforesaid monopolization and unreasonable restraint of trade in violation of the antitrust laws.

(44) As a result of plaintiff's aforesaid unlawful acts, plaintiff is guilty of unclean hands and is, therefore, estopped from maintaining this action.

(45) The aforesaid acts constituting a misuse of plaintiff's Federal trademark registrations can be continued as long as said registrations remain in force and effect to the injury and damage of defendants and, on information and belief, to the damage and injury of others.

WHEREFORE, defendants pray:

A. That the Second Amended and Supplemental Complaint herein be dismissed.

B. That, pursuant to the provisions of 15 U. S. C. § 1119 and § 1115b(7), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of plaintiff's misuse of its Federal trademark registrations as used to violate the antitrust laws of the United States by cancelling therefrom plaintiff's trademark registrations listed in ¶ 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the mark ARM & HAMMER or the DESIGN of an Arm & Hammer.

C. That defendants be awarded their costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action.

#### II.

And as their second Affirmative Defense, defendants Curtis and Key Drug allege:

(46) Long prior to the date of first use by defendant Curtis of its mark ARM IN ARM, plaintiff's "ARM & HAMMER marks" (as they are defined in the Second Amended and Supplemental

Complaint) had ceased to identify and distinguish plaintiff Church & Dwight Co., Inc. as the origin or as the source of any products. In the minds of purchasers of baking soda and goods containing baking soda, and in the minds of the general public, the "ARM & HAMMER marks" have become commonly known, and used, and understood to be equivalent to and synonymous with, and thus a generic designation for, baking soda. The "ARM & HAMMER marks" are, therefore, non-distinctive and their principal and major significance now is merely indicative to the public of the nature or class of the goods, i.e., baking soda and goods containing baking soda, and buyers of products bearing the "ARM & HAMMER marks" have understood them to be solely indicative of the kind of goods sold.

(47) Also long prior to the date of first use by defendant Curtis of its mark ARM IN ARM, plaintiff's "ARM & HAMMER marks" had become commonly known and understood by purchasers of baking soda and products containing baking soda, and by the general public, to be characteristic of, and thus descriptive of, baking soda. Plaintiff by its acts of both omission and commission has caused and allowed the "ARM & HAMMER marks" to lose their ability to distinguish plaintiff's goods in commerce.

(48) Because of their aforesaid common understanding and meaning to the general public, the "ARM & HAMMER marks" are now generic of, and the term Arm & Hammer is a common descriptive name of and for, baking soda within the meaning of the trademark laws and 15 U. S. C. §§ 1064(4) and 1115(b)(4), and have therefore passed into the public domain so as to no longer be distinctive trademarks entitled to any protection under the trademark laws of the United States.

WHEREFORE, defendants pray:

D. That the Second Amended and Supplemental Complaint herein be dismissed.

E. That the "ARM & HAMMER marks" be declared generic and descriptive and, therefore, within the public domain.

F. That the Court declare that, well prior to the first use of the mark ARM IN ARM by defendant Curtis, the "ARM & HAMMER marks" had, ceased to distinguish plaintiff's goods in commerce and are no longer capable of so distinguishing plaintiff's goods.

G. That the Court order that the defendant may use the mark ARM IN ARM on underarm deodorant products and other goods without limitation and without liability to plaintiff.

H. That the Court order that plaintiff's trademark registrations listed in ¶ 11 of the Second Amended and Supplemental Complaint, and any other trademark registrations that plaintiff may own for "ARM & HAMMER marks", are invalid and void.

I. That, pursuant to the provisions of 15 U. S. C. §§ 1119, 1115(b)(4) and 1065(4), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of the aforesaid generic and descriptive nature of the "ARM & HAMMER marks" by cancelling therefrom plaintiff's trademark registrations listed in ¶ 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the "ARM & HAMMER marks."

#### *Counterclaim (Count 1)*

Defendant, Helene Curtis Industries, Inc., for its Counterclaim against plaintiff, alleges:

(49) Defendant/counterclaimaint, Helene Curtis Industries, Inc. (hereinafter sometimes referred to as "defendant" or as "Curtis"), is a corporation organized and existing under the laws of the State of Illinois, with its principal office and place of business at 4401 West North Avenue, Chicago, Illinois 60639.

(50) Plaintiff/counterdefendant, Church & Dwight Co., Inc. (hereinafter sometimes referred to as "plaintiff" or as "C & D"), is a corporation organized and existing under the

laws of the State of Delaware, with its principal office and place of business at 2 Pennsylvania Plaza, New York, New York 10001.

(51) There is an Action presently pending in this Court between the defendant and the plaintiff, Civil Action No. 75-184, over which this Court has jurisdiction.

(52) This is an action for damages and injunctive relief under the Federal antitrust laws, more particularly, Section 2 of the Act of Congress of July, 1890, 26 Stat. 209 as amended, commonly known as the Sherman Act (15 U. S. C. § 2), and Sections 4 and 16 of the Clayton Act, 38 Stat. 731, 737 (15 U. S. C. § 15 and § 26). This Court has jurisdiction of the cause of action pleaded herein and venue is proper in the United States District Court for the Western District of New York under 15 U. S. C. § 15 and § 22.

(53) Plaintiff, upon information and belief, has attempted to monopolize the sale of products containing baking soda (also known as sodium bicarbonate) as an important ingredient by making excessive demands, threats of litigation, and by actual litigation respecting the word "arm" against defendant Curtis, and, upon information and belief, against others, which activities violate the antitrust laws of the United States.

(54) Upon information and belief, as a part of plaintiff's scheme to unreasonably restrain trade in commerce in baking soda and products containing baking soda after this litigation was commenced and after plaintiff learned of the sale by defendant Curtis of a deodorant product containing baking soda under the trademark ARM IN ARM, plaintiff began the sale of a deodorant product containing baking soda intended for under-arm use in connection with the trademark ARM & HAMMER.

(55) Upon information and belief, plaintiff's aforesaid demands and threats of litigation, and the actual litigation it has engaged in, have been and are being committed with the intent and for the purpose of monopolizing and unreasonably restrain-

ing the trade and commerce in baking soda and other products having baking soda as an important ingredient among the several states; and plaintiff has not committed said acts in good faith as a result of any actual or threatened trade deception, confusion as to the sources, or loss of good will.

(56) Plaintiff, by its aforesaid acts, seeks to forestall defendant Curtis and, on information and belief, others in their lawful use of the word "arm" in their normal and proper promotion and sale of their products in the United States; and plaintiff's said acts constitute employment of its trademarks and trademark registrations as a means of effectuating its aforesaid monopolization and unreasonable restraint of trade in violation of the antitrust laws.

(57) As a result of plaintiff's aforesaid unlawful acts and attempts to monopolize, defendant Curtis has been damaged in that it has been harassed by plaintiff's demands and threats of litigation, and by plaintiff's unlawful litigation, which will cause it to lose the sums it has expended in promotion of its products under a mark and name containing the term "arm." Furthermore, defendant Curtis will be forced to expend large sums of money and to use the time of its officers and employees to defend against the claims asserted by plaintiff all to the damage and injury of defendant Curtis.

WHEREFORE, defendant, Helene Curtis Industries, Inc., prays:

J. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above, and that said damages be trebled.

K. That plaintiff, its employees, representatives, and all persons acting in concert with plaintiff or in privity with plaintiff be enjoined from engaging in the aforementioned unlawful acts.

L. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action and in the prosecution of this Counterclaim.

M. That defendant Curtis shall have such other and further relief as may be deemed to be just and proper by this Court.

*Counterclaim (Count II)*

As a second cause of action in its Counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(58) Defendant realleges and incorporates by reference 49 through 57 of Count I of this Counterclaim.

(59) Defendant has expended a great deal of time, effort and money in the development of the products sold under its ARM IN ARM mark, in the selection of the trademark, in the test marketing of the products with the trademark ARM IN ARM thereon, in entering into contractual relationships with its customers, and in the advertising, promotion and popularization of its deodorant products sold under the mark ARM IN ARM.

(60) Plaintiff has engaged in making demands, threats of litigation, and has filed the instant actual litigation against defendant, and, on information and belief, has committed like acts in respect of others, in order to prevent the lawful use of trademarks containing the term "arm" as applied to any products containing baking soda, far beyond any scope of protection that would be afforded said marks under the common law or the Trademark Laws of the United States, commonly known as the Lanham Act (15 U. S. C. §§ 1051-1127).

(61) Plaintiff, by its aforesaid acts, seeks to forestall defendant and, on information and belief, others from using marks containing the word "arm," thereby establishing a patent-like monopoly on said term. This activity by plaintiff constitutes an attempt to monopolize and restrain trade in violation of the antitrust laws and involves a tortious interference with contractual relationships of defendant Curtis.

(62) As a result of plaintiff's aforesaid unlawful acts and attempts to monopolize and restrain trade and interferences with contractual relationships, defendant has been damaged in

that it will in all certainty lose the benefit of the aforesaid expenditures and efforts if plaintiff is successful and may lose the same whether or not plaintiff succeeds in its unlawful activity, all to the damage and injury of defendant. Defendant will, further, be forced to expend large sums of money and to use the time of its officers and employees in order to defend against the activities of the plaintiff, to the further damage and injury of defendant.

WHEREFORE, defendant, Helene Curtis Industries, Inc., prays:

N. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above, and that said damages be trebled.

O. That plaintiff, its employees, representatives and all persons acting in concert with plaintiff or in privity with plaintiff be enjoined from engaging in the aforementioned unlawful acts.

P. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action and in the prosecution of this Counterclaim.

Q. That defendant Curtis shall have such other and further relief as may be deemed to be just and proper by this Court.

*Counterclaim (Count III)*

As a third cause of action in its counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(63) Defendant realleges and incorporates by reference ¶ Nos. 49 through 62 of Counts I and II of this counterclaim.

(64) Defendant/Counterclaimant Helene Curtis Industries, Inc., on information and belief, alleges that plaintiff controls 100% of the consumer sales of baking soda and approximately 75% of the sales of baking soda for use as an ingredient in other products.

(65) Defendant/Counterclaimant Helene Curtis Industries, Inc., upon information and belief, alleges that plaintiff has

monopolized the consumer market for the sale of baking soda and has attempted to monopolize and conspired to monopolize and unreasonably restrain trade and commerce in the marketing of personal care product containing baking soda.

(66) The sale of personal care products is a line of commerce or relevant consumer market to which the Federal antitrust laws outlined above are applicable, and personal care products containing baking soda are a relevant sub-market because of the fact that they contain only natural ingredients and a certain segment of the public refuses to purchase products that are not limited to natural ingredients.

(67) Defendant Curtis, on information and belief, alleges that plaintiff is engaged in the activities listed below in paragraphs 68-75 in an attempt to monopolize and unlawfully restrain trade and commerce in personal care products containing natural ingredients (*i.e.* baking soda).

(68) As a part of the aforementioned scheme and attempt to monopolize, plaintiff controls the source of supply of baking soda, the product used as the natural ingredient in the personal care products whose sale the plaintiff intends to monopolize and in attempting to monopolize.

(69) As a part of the aforementioned scheme and attempt to monopolize, and in addition to the activities alleged in ¶ 49 through 62 incorporated by reference above and those activities outlined in ¶ 68, plaintiff by reason of its monopoly on the industrial sale thereof, receives inquiries from customers and potential customers as to the properties of baking soda or its adaptability for use for certain purposes and as ingredients in personal care products. Such inquiries are received by the research and development department of plaintiff, by its industrial sales organization and by Allied Chemical Corporation, which supplies plaintiff with baking soda and with soda ash for the manufacture of baking soda.

(70) From the inquiries that are received by plaintiff through its research and development and industrial chemical depart-

ments, and through its supplier, plaintiff is made aware of potential uses for baking soda and of potential personal care products wherein baking soda can be used which, although they may not compete with products sold by plaintiff, are products which are within the technical ability of plaintiff to develop and manufacture.

(71) Upon information and belief, defendant Curtis alleges that plaintiff, upon receiving such inquiries, either:

(a) attempts to discourage the one making the inquiry from proceeding with the product in question or the use of baking soda for the product in question; or

(b) attempts to promote its baking soda sold under the ARM & HAMMER marks for the use that has been called to its attention by others; or

(c) produces a product similar to and competitive with the product that has been called to its attention.

(72) If plaintiff develops and markets the baking soda personal care product it has learned of through the said inquiry it then mounts massive advertising and public relation campaigns to attempt to monopolize the new personal care product containing baking soda by convincing consumers that its product is the only product available, thereby causing the sales of competitive products to diminish to the extent where they are forced to withdraw from the market.

(73) When plaintiff learns of a personal care product containing baking soda that is in fact in the developmental stage, or in test marketing, it attempts to complete development of a similar product, rushes that product to market and attempts to "preempt" the market from the potential competitor.

(74) Defendant Curtis, on information and belief, alleges that where competitive personal care products containing baking soda have entered the consumer market, plaintiff has mounted campaigns through its sales force and through its brokers which erroneously and untruthfully:

(a) seek to advise potential customers for said products that the products competitive with plaintiff's products are inferior, which plaintiff is able to "know" since it is the source of the baking soda comprising the ingredient of the product; and/or

(b) insinuates that the competitive personal care product will probably be withdrawn from the market after litigation is commenced against the competitor and, as has hereinbefore been previously alleged, has given verisimilitude to such comments by actually filing suit against defendants herein; and/or

(c) advises potential customers for the competing personal care product that said products may soon have higher prices since plaintiff controls the price of the baking soda comprising a principal ingredient in the competitive personal care product; and/or

(d) makes other assertions in regard to said competitive personal care product which are damaging and disparaging thereto but which plaintiff hints it can make because of its position as the supplier of the baking soda comprising an ingredient in said personal care product.

(75) In addition to the aforesaid activities, plaintiff engages in advertising promotional and public relations campaigns which are designed (a) to convince potential customers and the consuming public at large that the plaintiff's products are the only products available for the uses for which the competitive products are intended, or (b) to use its monopoly in the consumer sale of baking soda to confuse customers as to the source of such products, thereby resulting in customers choosing plaintiff's products to the exclusion of the products of others.

(76) Defendant Curtis consulted with employees of plaintiff as, on information and belief it alleges others have done, when it had decided to market a baking soda deodorant prod-

uct. Defendant Curtis is informed, and believes and, therefore, alleges, that upon learning of the interest of defendant Curtis in such a personal care product, plaintiff, which had been considering the possibility of a personal deodorant containing baking soda for a number of years, promptly rushed its deodorant product to completion, without effecting all of the normal testing that such product would be given, in an attempt to reach the marketplace before defendant Curtis and to discourage Curtis from entering the field of baking soda deodorants and thereby attempting to monopolize the sale of personal care products containing baking soda.

(77) Defendant Curtis is informed and believes and, therefore, alleges that when plaintiff learned that defendant's baking soda deodorant product had reached the stage where it was being test marketed, plaintiff hurried its baking soda deodorant product to market on a nationwide basis without the benefit of the normal test marketing that such personal care products usually receive in an attempt to "preempt" the market for baking soda deodorants, thereby further attempting to monopolize the sale of personal care products containing baking soda.

(78) Defendant Curtis is informed and believes and, therefore, alleges that when it became evident that the baking soda deodorant product of defendant Curtis would be marketed in competition with the plaintiff's baking soda deodorant product on a nationwide basis, plaintiff engaged in all of the activities alleged in ¶ 68-¶ 75 above, as well as those alleged in Counts I and II of this counterclaim, in respect of the baking soda deodorant product of defendant Curtis including, but not limited to, the mounting of a massive advertising and public relations campaigns to "preempt" the market in personal deodorants containing baking soda, engaging in an advertising and public relations campaign which had as one of its purposes the deliberate attempt to confuse customers, including the consuming public at large, so that said customers and consuming public would think that the plaintiff's baking soda deodorant

was the sole baking soda deodorant available for sale, and the conducting of a campaign through salesmen and brokers of erroneous and untrue statements about the baking soda deodorant product of defendant Curtis, all in attempt to monopolize the consumer market for products containing baking soda.

(79) Defendant Curtis is informed and believes, and therefore alleges, that plaintiff has engaged in one or more of the aforementioned practices in respect of products of persons other than Curtis also for the purpose of attempting to monopolize the sale of personal care products containing baking soda.

(80) Defendant Curtis has invested large sums of money and a great deal of time and expense in developing its baking soda deodorant product, in advertising and populizing the product, and in the sale and distribution of the baking soda deodorant product.

(81) The aforementioned activities of plaintiff in respect of the baking soda deodorant product of defendant Curtis are intended to result in the destruction of this line of business of defendant Curtis, and if allowed to continue will result in injury of defendant Curtis and the destruction of its investment in that line of business which, to date, is in excess of Seven Million Dollars (\$7,000,000.00).

(82) The aforementioned activities of plaintiff including those in respect of the baking soda deodorant product of defendant Curtis, are a part of plaintiff's scheme and attempt to monopolize and unreasonably restrain trade and commerce in the marketing of personal care products containing baking soda and, if these activities are allowed to continue, there is a dangerous probability that plaintiff will succeed in monopolizing the relevant sub-market as defined above, to the damage and injury of defendant Curtis.

WHEREFORE, defendant Curtis prays that:

R. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above and that said damages be trebled.

S. That plaintiff be enjoined from refusing to supply defendant Curtis with baking soda during the pendency of this litigation.

T. That plaintiff, its employees, representatives, supplier, brokers, and all persons acting in concert with plaintiff or who are in privity with plaintiff be enjoined from engaging in the unlawful acts set forth above.

U. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the prosecution of this counterclaim.

V. That defendant Curtis be provided such other and further relief against plaintiff as the Court may deem proper, including as necessary, the sale and divestiture of some of the assets or line of business of plaintiff, cancellation of its trademark registrations and nullification of its ARM & HAMMER trademarks as provided in 15 U. S. C. § 1119 and § 1115(b)(7) or the mandatory licensing of others to use said ARM & HAMMER trademarks for baking soda or products containing baking soda.

#### *Counterclaim (Count IV)*

As a fourth cause of action in its Counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(83) Defendant realleges and incorporates by references ¶ 49 through 82 of Counts I, II and III of this Counterclaim.

(84) This is an action for unfair competition under § 28 USC 1338 seeking profits, damages, and injunctive relief under the Trademark Laws of the United States, more particularly, 15 U.S.C. § 1051-1127, and 28 U.S.C. § 1338 and 1331. This Court has jurisdiction of the cause of action pleaded herein and venue is proper in the United States District Court for the Western District of New York under 28 U.S.C. §§ 1391, 1338, 1331 and 2201.

(85) Plaintiff's aforesaid actions as alleged in Counts I, II and III of this Counterclaim, and incorporated by reference in ¶ (83) above, constitute unfair competition in violation of the

rights of defendant Curtis which has caused and will, if not enjoined, continue to cause pecuniary losses and other damage and injury to defendant Curtis.

(86) Defendant Curtis has no adequate remedy at law.

WHEREFORE defendant Curtis prays:

W. That plaintiff, its employees, agents, representatives and all persons acting in concert with plaintiff, or who are in privity with plaintiff, be enjoined from engaging in the unlawful acts set forth above.

X. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above and that, because of the willful nature of those acts, said damages be trebled.

Y. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the prosecution of this counterclaim.

Z. That defendant Curtis have such other and further relief as may be deemed to be just and proper by this Court.

#### *Counterclaim (Count V)*

As a fifth cause of action in its Counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(87) Defendant realleges and incorporates by a reference ¶s 46-48 of the Answer and affirmative Defenses, and is ¶¶ 49-51 of Count I of this Counterclaim.

(88) This is an action for Declaratory Judgment under 28 U.S.C. § 2201 and for unfair competition under 28 U.S.C. § 1338 seeking profits, damages, injunctive relief, and cancellation of trademark registration under the Trademark Laws of the United States, more particularly, 15 U.S.C. §§ 1051-1127 and 28 U.S.C. §§ 1338 and 1331. This Court has jurisdiction of the cause of action pleaded herein and venue is proper in the United States District Court for the Western District of New York under 28 U.S.C. §§ 1391, 1338, 1331 and 2201 and under 15 U.S.C. §§ 1116, 1119 and 1121.

(89) The continued use by plaintiff of its "Arm & Hammer marks" which have become generic of and descriptive of baking soda, and the assertions of trademark infringement based on the "Arm & Hammer marks" knowing that said "Arm & Hammer marks" are generic and descriptive constitutes unfair competition in violation of the rights of defendant Curtis, which has caused, and will, if not enjoined, continue to cause pecuniary losses and other damage and injury to defendant Curtis.

(90) Plaintiff has had notice of its wrongful and unlawful use of the "Arm & Hammer marks" and of its unfair competition but plaintiff has refused to cease and desist therefrom.

(91) Defendant has no adequate remedy at law.

WHEREFORE, defendant Curtis prays:

AA. That the "Arm & Hammer marks" be declared generic and descriptive and, therefore, within the public domain.

BB. That the Court declare that, well prior to the first use of the mark ARM IN ARM mark by defendant Curtis, the "Arm & Hammer marks" had ceased to distinguish plaintiff's goods in commerce and are no longer capable of so distinguishing plaintiff's goods.

CC. That the Court declare that the defendant may use the mark ARM IN ARM on underarm deodorant products and other goods without limitation and with liability to plaintiff.

DD. That the Court declare that plaintiff's trademark registration listed in ¶ 11 of the Second Amended and Supplemental Complaint, and any other trademark registrations that plaintiff may own for the "Arm & Hammer marks," are invalid and void.

EE. That, pursuant to the provisions of 15 U.S.C. §§ 1119, 1115(b)(4) and 1065(4), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of the aforesaid wrongful and unlawful use of, and the generic and descriptive nature of, the "Arm & Hammer marks" by cancelling from said trademark rights plaintiff's

trademark registrations listed in ¶ 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the "Arm & Hammer marks."

FF. That plaintiff, its employees, agents, representatives, and all persons acting in concert with plaintiff, or who are in privity with plaintiff, be enjoined from:

- 1.) using the "Arm & Hammer marks" as trademarks for underarm deodorant products;
- 2.) from asserting trademark infringement based on its invalid and void trademark registrations for the "Arm & Hammer marks"; and
- 3.) from unfairly competing with defendant Curtis in any manner whatsoever.

GG. That plaintiff be required to deliver up for destruction all containers for underarm deodorant products bearing the "Arm & Hammer marks," as well as all labels, packages, advertising material, catalogs, promotional materials and any other written material which bears the "Arm & Hammer marks" for underarm deodorant products, together with all plates, molds, matrices, equipment, and other means and materials for making the same.

HH. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant Curtis as a result of the acts set forth above and that, because of the willful nature of those acts, said damages be trebled.

II. That defendant Curtis be awarded its costs, expenses and attorneys fees incurred in the prosecution of this counterclaim.

JJ. That defendant Curtis shall have such other and further relief as may be deemed to be just and proper by this Court.

#### *Counterclaim (Count VI)*

As a sixth cause of action in its Counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(92) Defendant Curtis realleges and incorporates by reference ¶s 49-51 of Count I and ¶ 88 of Count V of this counterclaim.

(93) Plaintiff has filed a Complaint (actually, now a Second Amended and Supplemental Complaint) against defendant Curtis and others for trademark infringement, wrongful use in commerce of false designations of origin, false descriptions and false representations, dilution of trademark rights under the laws of the State of New York and at common law, unfair competition and trademark disparagement, and has alleged that it is the owner of certain United States Trademark Registrations set forth in ¶ 11 of the Second Amended and Supplemental Complaint for trademarks as defined in that paragraph and designated the "Arm & Hammer marks".

(94) Defendant Helene Curtis Industries, Inc. has for many years been a well-known manufacturer and distributor of cosmetic products and personal care products. Well prior to the activities of plaintiff Church & Dwight Co., Inc. complained of herein, defendant Curtis originated and adopted and commenced to use the trademark ARM IN ARM to identify the origin of its goods in connection with sales thereof in commerce. Defendant Curtis has continuously used and is still using the mark ARM IN ARM on its containers for personal deodorants, which deodorants are sold in commerce among the several states of the United States, including the State of New York, to identify and distinguish its goods from the goods of others.

(95) Prior to any use by plaintiff Church & Dwight Co., Inc. of the term ARM & HAMMER, or any of the "Arm & Hammer marks", in connection with underarm deodorant products or any other personal care products, defendant Curtis expended a great deal of money and of time and effort in developing and in advertising and promoting throughout major portions of the United States, including the State of New York, the products sold under and in conjunction with its mark ARM IN ARM. By virtue of such efforts, such mark has become as-

sociated in the minds of purchasers of personal deodorants, and in the minds of the general public, with defendant Curtis and with defendant Curtis alone, and a valuable goodwill has been built up in the mark ARM IN ARM. The goodwill associated with the plaintiff in connection with the mark ARM IN ARM is a valuable asset to defendant Curtis that is worth far in excess of Ten Thousand Dollars (\$10,000.00).

(96) Some time after defendant Curtis had used its mark ARM IN ARM in interstate commerce and had made its mark ARM IN ARM well known in connection with personal deodorants, plaintiff commenced to infringe and continues to infringe upon the rights of defendant Curtis, and has wrongfully and unlawfully engaged in acts of unfair competition, by using as a trademark applied to personal deodorants the term Arm & Hammer, and by using the other "Arm & Hammer marks" which plaintiff asserts in both its Complaint and its Second Amended and Supplemental Complaint is confusingly similar with the ARM IN ARM mark of defendant Curtis, and which, therefore, plaintiff is estopped to deny.

(97) Although defendant Curtis does not believe, and has denied, that the mark ARM IN ARM is confusingly similar with the term ARM & HAMMER and the other "Arm & Hammer marks", plaintiff has alleged confusing similarity, and is estopped to deny such confusing similarity, defendant Curtis used its ARM IN ARM mark on deodorant products prior to any use by plaintiff of the term ARM & HAMMER or the other "Arm & Hammer marks" on deodorants, or on any other personal care products and, therefore, was the first to establish trademark rights therein. Plaintiff's use of ARM & HAMMER and the other "Arm & Hammer marks" constitutes infringement of the prior established rights of defendant Curtis in its trademark ARM IN ARM, to the damage and injury to defendant Curtis.

(98) Plaintiff Church & Dwight Co., Inc. has wrongfully and unlawfully proceeded to enter upon a course of conduct, sub-

sequent to the date of defendant's first use of the mark ARM IN ARM, and still continues to engage in said unlawful conduct and activity, by deliberately and willfully attempting to confuse and deceive the general public, including prospective purchasers of underarm deodorant products offered by defendant Curtis, into believing that the products of the plaintiff are the products of defendant Curtis, or are in some manner backed by, sponsored by, franchised by, associated with, or otherwise connected with defendant Curtis. Unless enjoined, plaintiff's unlawful activities, trademark infringement and unfair competition will result in the destruction of the ARM IN ARM mark of defendant Curtis, and the loss of the goodwill attendant thereto.

(99) Plaintiff's unlawful acts are also likely to cause great injury and damage to the business reputation of defendant Curtis by diluting and diminishing the distinctive quality of the mark ARM IN ARM used by defendant Curtis, in violation of Section 368-d of the General Business Law of New York and of the rights of defendant Curtis at common law.

(100) Defendant Curtis has no adequate remedy at law.

WHEREFORE defendant Curtis prays:

KK. That plaintiff, its employees, agents, representatives, and all persons acting in concert with plaintiff, or who are in privity with plaintiff, be enjoined from using the term ARM & HAMMER and the other "Arm & Hammer marks" for deodorant products, from diluting the ARM IN ARM mark of defendant Curtis and from unfairly competing with defendant Curtis in any manner whatsoever.

LL. That plaintiff be required to deliver up for destruction all containers for deodorant products bearing the term ARM & HAMMER or bearing the other "Arm & Hammer marks" as well as all labels, packages, advertising material, catalogs, promotional materials, and any other written material which bear the term ARM & HAMMER, or any of the other "Arm &

Hammer marks" as applied to deodorant products, or any other designation or illustration confusingly similar to the ARM IN ARM mark of defendant Curtis, together with all plates, molds, matrices, equipment, and other means and materials for making the same.

MM. That plaintiff be required to account to defendant Curtis for damages suffered by defendant Curtis and that said damages be trebled because of the willful nature of plaintiff's trademark infringement, unfair competition and dilution set forth above.

NN. That defendant Curtis be awarded its costs, expenses and attorneys fees incurred in the prosecution of this counterclaim.

OO. That defendant Curtis have such other and further relief as may be deemed to be just and proper by this Court.

#### *Counterclaim (Count VII)*

As a seventh cause of action in its counterclaim against plaintiff, defendant Helene Curtis Industries, Inc. alleges:

(101) Defendant Curtis realleges and incorporates by reference ¶ 49 through 51 of Count I, ¶ 78 of Count III, and ¶ 84 of Count IV of this counterclaim.

(102) In addition to the activities of plaintiff set forth in the aforementioned paragraphs and incorporated herein by reference, plaintiff Church & Dwight Co., Inc. has prominently used and is using the phrase "THE BAKING SODA DEODORANT" as a trademark and product identification in connection with the sale, offering for sale, distribution, advertising and promotion of a personal deodorant. Plaintiff has been and is selling, offering for sale, distributing, advertising and promoting said product with the phrase "THE BAKING SODA DEODORANT" prominently displayed on its packaging and in its advertising of a personal deodorant, thereby falsely and fraudulently attempting to indicate to the general public, including prospective pur-

chasers of deodorant products offered by defendant Curtis, that the product bearing the phrase "THE BAKING SODA DEODORANT" or advertised as "THE BAKING SODA DEODORANT" is the only personal deodorant containing baking soda, and thereby deliberately and willfully attempting to confuse and deceive the general public, including prospective purchasers of deodorant products offered by defendant Curtis.

(103) Plaintiff's aforesaid activities constitute unfair competition, disparagement and trade libel of defendant Curtis and its ARM IN ARM deodorant product which has caused and will, if not enjoined, continue to cause pecuniary losses and other damage and injury to defendant Curtis.

(104) Defendant Curtis has no adequate remedy at law.

WHEREFORE defendant Curtis prays:

PP. That plaintiff, its employees, agents, representatives, and all persons acting in concert with plaintiff, or who are in privity with plaintiff, be enjoined from:

1. using the phrase "THE BAKING SODA DEODORANT" on its deodorant products and in the advertising and promotion of its deodorant products;
2. engaging in the other unlawful acts set forth above; and,
3. unfairly competing with defendant Curtis in any manner whatsoever.

QQ. That plaintiff be required to deliver up for destruction all containers for deodorant products bearing the phrase "THE BAKING SODA DEODORANT", as well as all labels, packages, advertising material, catalogs, promotional material and any other written material which bears the phrase "THE BAKING SODA DEODORANT" for deodorant products, together with all plates, molds, matrices, equipment, and other means and materials for making the same.

RR. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant Curtis as a re-

sult of the acts set forth above and that, because of the willful nature of those acts, said damages be trebled.

SS. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the prosecution of this counterclaim.

TT. That defendant Curtis have such other and further relief as may be deemed to be just and proper by this Court.

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IN THE UNITED STATES DISTRICT COURT  
For the Northern District of Illinois  
Eastern Division

\* \* (Caption Omitted in Printing) \* \*

SUPPLEMENT TO THE ANSWER OF DEFENDANT  
HELENE CURTIS TO THE SECOND AMENDED AND  
SUPPLEMENTAL COMPLAINT IN CAUSE

NO. 76 C 4398

Defendant/Counterclaimant Helene Curtis Industries, Inc.,  
by its attorneys, for a Supplement to its Answer to the Second  
Amended and Supplemental Complaint herein, states:

*Affirmative Defenses*

III.

As its third Affirmative Defense of trademark misuse violative of the antitrust laws, which (a) results from plaintiff's continued misuse of its mark ARM & HAMMER as an integral part of its monopolization of the consumer market for baking soda, and (b) in its present form, involves continuing misuse of said mark by plaintiff as an illegal, anti-competitive device in plaintiff's attempt to deprive defendant Curtis of its valuable trademark ARM IN ARM and its valuable package design for its baking soda underarm deodorant, defendant Helene Curtis alleges:

Defendant Curtis' Property Rights

(105) Defendant Curtis' trademark ARM IN ARM is a very effective and valuable trademark which it has every right under the Trademark Act to use on or in connection with a product specifically formulated for underarm use and containing baking

soda as an important advertised ingredient. For the following reasons, said mark ARM IN ARM is a very valuable marketing tool designed to reach the youth market for underarm deodorants and/or antiperspirants, which is the principal target market of Helene Curtis for its underarm deodorant containing baking soda:

(a) The primary meaning of the term "ARM IN ARM" is to refer to two persons, usually a man and a woman, with their arms linked together.

(b) Two persons with their arms linked together are more often than not young persons.

(c) The term "ARM IN ARM" carries a connotation of closeness.

(d) In particular, the term "ARM IN ARM" carries a connotation of romantic closeness, i.e., of couples "going together."

(e) The term "ARM IN ARM" for an underarm deodorant suggests that a young couple who are going together, and who are close to each other because their arms are linked together, can feel confident that if they use the deodorant in question they will not be troubled with underarm odors.

(f) Inclusion of the word "ARM" in the term "ARM IN ARM" is likely to remind prospective purchasers of a product for underarm use, and thus should help prospective purchasers remember the trademark so that at the time of purchase they can ask for Curtis' product by its specific brand name.

(106) The package design of defendant Curtis' baking soda underarm deodorant is an effective and valuable package design which Curtis has every right under the applicable law of unfair competition to use on or in connection with a product specifically formulated for underarm use and containing baking soda as an important advertised ingredient. For the following reasons, said package design is a valuable marketing tool for reaching Curtis' target market for its underarm deodorant containing baking soda:

(a) The background color of the package design, a light cream color, is one of the neutral colors that are typically considered by package designers as connoting the inclusion in the product of a natural ingredient such as baking soda. In fact, color codes listing various colors by name often refer to this light cream color by the term "natural."

(b) The layout of the printed copy is designed to emphasize the inclusion of the natural ingredient, baking soda.

(c) The layout of the printed copy was designed not to give undue emphasis to the corporate name of Helene Curtis Industries, Inc. because the target market for defendant's baking soda underarm deodorant includes both men and women, and it was assumed that the name Helene Curtis carried a connotation for many members of the consuming public of women's cosmetic products, which might deter some men customers from purchasing this particular product.

(d) The type style selected for the printed material included in the package design was chosen as reflecting a simple typography that communicated an honest, straight-forward feeling that paralleled the simple, honest, straight-forward statement of "Without harsh chemicals," and did not involve any fancy designs.

(e) A dark brown type color against the cream background was selected for the unscented version of defendant's baking soda underarm deodorant as being consistent with the absence of scent, and the red type color against the cream background was selected as being appropriate for the product in which a scent was included.

#### The Relevant Market

(107) In April 1975, baking soda sold in the consumer market under the term "baking soda" and not under its chemical nomenclature of sodium bicarbonate had a variety of primary uses, including (a) home baking, (b) various household cleaning and deodorizing purposes, and (c) as a swimming pool

additive. In April 1975 it was also used by some consumers as an antacid and as a dentifrice. Plaintiff has advertised baking soda for a number of other uses by consumers, for some of which uses it is suitable and for some of which it is not.

(108) Plaintiff's registered trademark ARM & HAMMER and its corresponding Design under which it advertises and sells baking soda as such in the consumer market in interstate commerce have been used by plaintiff for over 100 years. ARM & HAMMER baking soda is, and for many years has been, the only packaged baking soda sold as such at retail throughout the United States to the consumer.

(109) For many years immediately prior to April 1975, when defendant Curtis first offered its baking soda underarm deodorant for sale to the public, plaintiff sold baking soda as such in the consumer market in containers the predominant color of which was yellow. For many years immediately prior to said time in April 1975 when defendant first offered its underarm deodorant product for sale, baking soda packaged in said yellow containers was the only baking soda sold as such at retail throughout the United States to the consumer.

(110) The production and distribution of baking soda as such, under the term "baking soda" and not under its chemical nomenclature of sodium bicarbonate, for retail purchase in the consumer market throughout the United States is a line of commerce or relevant consumer market for purposes of application of the Clayton Act and the Sherman Act.

#### Use of Trademark ARM & HAMMER As Anti-Competitive Device

(111) Plaintiff controls, and for a period of many years has controlled, 100 per cent of the relevant consumer market for baking soda as such throughout the United States.

(112) In its sales of baking soda as such in the consumer market, plaintiff, in pursuance of its intent to monopolize the

consumer market for baking soda, has for many years employed various devices and stratagems violative of the antitrust laws, and as an integral part of said activities has used, in addition to its corresponding Arm & Hammer Design mark, the word trademark ARM & HAMMER, and through the years by such scheme (a) has increased its control of the consumer market for baking soda to its present level of 100 per cent of the market, (b) has so closely associated "ARM & HAMMER" and "baking soda" that in the minds of consumers and prospective consumers the mark ARM & HAMMER now means and for many years last past has meant "baking soda," and (c) has turned said trademark ARM & HAMMER, whether with or without its corresponding Design, into a powerful anti-competitive device.

(113) Said scheme, devices and stratagems of plaintiff, with ARM & HAMMER the sole word trademark by which plaintiff has identified the baking soda sold by it in the consumer market that it has 100 per cent monopolized and controlled, have constituted misuse of the trademark ARM & HAMMER in violation of the antitrust laws of the United States, as well as misuse of plaintiff's aforesaid federal registrations of said mark, all in furtherance of plaintiff's aforesaid monopolization. Such misuse has helped to give plaintiff exclusionary economic power in said consumer market, and plaintiff has exercised said power to exclude all other sellers of baking soda in said market.

(114) Plaintiff (a) has advertised and promoted its registered trademark ARM & HAMMER in a manner intended to implement and reinforce its monopolization of the consumer market for baking soda as such by creating an identity in the public mind between the term "baking soda" and the trademark ARM & HAMMER, and (b) has engaged in marketing practices and pricing practices in the distribution of its ARM & HAMMER baking soda in the consumer market which were intended to have the result, and ultimately succeeded in producing the result, that no other brand of baking soda is sold at retail to the consuming public anywhere in the United States and all competition and

potential competition has been effectively suppressed and eliminated, making plaintiff's ARM & HAMMER trademark, whether with or without its corresponding Design, as the only word trademark used to identify baking soda in the consumer market, the aforesaid powerful anti-competitive device.

#### Sales of Baking Soda Underarm Deodorant

(115) Defendant Curtis' deodorant sold under the trademark ARM IN ARM, which contains baking soda as an important advertised ingredient and is specifically formulated for use as an underarm deodorant, was first offered for sale to the public under said trademark in April 1975, and has since that date been sold in various states and in commerce between the states.

(116) In April 1975 plaintiff was selling only baking soda, washing soda, borax, laundry detergent and oven cleaner under its trademark ARM & HAMMER. Plaintiff had also used its mark prior to April 1975 in connection with the sale of baking powder, a disinfectant for household use, and a garbage can spray, but had discontinued such use by said date.

(117) Plaintiff first offered a product formulated specifically to be used as an underarm deodorant for sale to the public on or about June 27, 1975. Said product contained baking soda as one of several ingredients. Although prior to that time it had been suggested by some persons that baking soda as such was usable as an underarm deodorant, this use of baking soda as such has never had any commercial significance, and there are in fact a number of characteristics of the product that make use of baking soda as such in the form sold by plaintiff totally unsuitable for an underarm deodorant.

(118) In view of the facts alleged in paragraphs 116 and 117 above, a product that was specifically formulated to be used as an underarm deodorant or antiperspirant and contained baking soda as an important advertised ingredient was not as of April 1975 a product falling within the natural area of expansion

for plaintiff's trademark ARM & HAMMER as used on the products specified in paragraph 116 above.

#### Attempt To Deprive Curtis Of Its Valuable Trademark And Package Design

(119) Employing its trademark ARM & HAMMER as the powerful anti-competitive device described in paragraphs 112-114 above, plaintiff has made excessive demands relating to trademark usage upon defendant Curtis, and on information and belief upon others, in an attempt among other things to deprive Curtis of its valuable trademark rights described in paragraph 105 above, all for the purpose and with the intent to maintain and exploit plaintiff's monopoly position in the sale of baking soda as such in conjunction with the trademark ARM & HAMMER. In particular:

(a) Knowingly relying on the belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its trademark ARM & HAMMER so as to cover marks, such as defendant's mark ARM IN ARM, that are not colorable imitations of its said trademark ARM & HAMMER within the meaning of Section 32(1)(a) of the Trademark Act.

(b) Knowingly relying on said belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its trademark ARM & HAMMER so as to cover any mark that includes the word "ARM" as a term descriptive of a product specifically formulated as an underarm deodorant and containing baking soda as an important advertised ingredient.

(c) Knowingly relying on said belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its trademark ARM & HAMMER so as to cover the use of a distinctly different mark such as ARM IN ARM on a new product line, such as a product specifically formulated as an underarm deodorant and containing baking soda as an important advertised ingredient, that does not come within the natural area of expansion for plaintiff's trademark ARM & HAMMER as used on or in connection with the products specified in paragraph 116 above.

(d) Plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its trademark ARM & HAMMER as alleged in subparagraphs (a), (b) and (c) above, through reliance on the mistaken belief alleged by plaintiff to be present in some consumers' minds that defendant's underarm deodorant containing baking soda as an important advertised ingredient and sold under the trademark ARM IN ARM came from the same source as plaintiff's baking soda sold under its trademark ARM & HAMMER, knowing full well that the proximate cause of any such confusion that might be shown to have arisen at the time of the introduction of defendant's underarm deodorant in April 1975 was simply the belief in consumers' minds, carefully nurtured and encouraged by plaintiff for many years through its monopolistic control as aforesaid, that the trademark ARM & HAMMER and the term "baking soda" are synonymous.

(120) Employing its trademark ARM & HAMMER as the powerful anti-competitive device described in paragraphs 112-114 above, plaintiff has made excessive demands relating to package design upon defendant Curtis, and on information and belief upon others, in an attempt among other things to deprive Curtis of its valuable property rights described in paragraph 106 above in the package design for its baking soda underarm

deodorant, all for the purpose and with the intent to maintain and exploit illegally plaintiff's monopoly position in the sale of baking soda as such in conjunction with the trademark ARM & HAMMER. In particular:

(a) Knowingly relying on the belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given the design of plaintiff's packages of ARM & HAMMER baking soda so as to include package designs, such as that of the package for defendant Curtis' baking soda underarm deodorant product, that have colors, layout and typography that together create an overall impression distinctly different from that created by plaintiff's package design.

(b) Knowingly relying on said belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given the design of plaintiff's packages of ARM & HAMMER baking soda so as to include the use of a distinctly different package design, such as that of defendant Curtis for its baking soda underarm deodorant, for a new product line, such as a product specifically formulated as an underarm deodorant and containing baking soda as an important advertised ingredient, that does not come within the natural area of expansion for plaintiff's package design as used on or in connection with baking soda as such.

(c) Knowingly relying on said belief in consumers' minds which it has over the years through its aforesaid monopolistic control fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff sought by the filing of the present lawsuit to illegally expand the protection given the design of plaintiff's packages of

ARM & HAMMER baking soda so as to cover any package design having a background color of yellow, or colors as different therefrom as light cream or "natural," for a product specifically formulated as an underarm deodorant and containing baking soda as an important advertised ingredient.

(d) Plaintiff sought by the filing of the present lawsuit to illegally expand the protection given its package design as alleged in subparagraphs (a), (b) and (c) above, through reliance on the mistaken belief alleged by plaintiff to be present in some consumers' minds that defendant's underarm deodorant containing baking soda as an important advertised ingredient and sold with defendant Curtis' package design for its baking soda underarm deodorant came from the same source as plaintiff's ARM & HAMMER baking soda sold in containers having plaintiff's aforesaid package design, knowing full well that the proximate cause of any such confusion that might be shown to have arisen at the time of the introduction of defendant's underarm deodorant in April 1975 was simply the belief in consumers' minds, carefully nurtured and encouraged by plaintiff for many years through its monopolistic control as aforesaid, that the trademark ARM & HAMMER and the term "baking soda" are synonymous.

(e) Knowingly relying on said belief in consumers' minds which it had over the years through its aforesaid monopolistic power fostered, encouraged and created that the trademark ARM & HAMMER and the term "baking soda" are synonymous, plaintiff, on information and belief, successfully brought pressure to bear upon the seller of a dentifrice containing baking soda as an important advertised ingredient to force it to change its package design in substantial respects, thereby illegally expanding the protection given the package design for plaintiff's aforesaid containers of ARM & HAMMER baking soda, despite the fact that a dentifrice does not come within the natural area of expansion for plaintiff's trademark ARM & HAMMER as used on or in connection with baking soda as such.

(121) Plaintiff's efforts to enforce the excessive demands described in paragraphs 119 and 120 above can succeed only if plaintiff is permitted to rely on its trademark ARM & HAMMER as a powerful anti-competitive device that carries with it the belief in consumers' minds that the trademark ARM & HAMMER and the term "baking soda" are synonymous, which device has been carefully and assiduously developed by plaintiff through use of said mark for many years as its sole word trademark for identifying baking soda in the consumer market while that market was subject to 100 per cent monopolistic control by plaintiff. The assertion of said excessive demands against defendant Curtis, being justified only by reliance on the illegal and anti-competitive character of the trademark ARM & HAMMER derived as aforesaid from years of monopolistic use of the mark, is tainted by the same illegality that is now inherent in said trademark because of its long use as an integral part of a scheme to monopolize the consumer market in baking soda, and such assertion therefore constitutes an extension of the misuse of the registered trademark ARM & HAMMER in violation of the anti-trust laws that is alleged in paragraphs 112-114 above.

#### False and Misleading Advertising

(122) Employing its trademark ARM & HAMMER as the powerful anti-competitive device described in paragraphs 112-114 above, plaintiff has sought to support and reinforce its excessive demands on defendant Curtis described in paragraphs 119 and 120 above by the use of deliberately false and misleading advertising designed to create the very confusion plaintiff now complains about in this lawsuit. Although plaintiff well knew that its underarm deodorant containing baking soda as an important advertised ingredient was not the only such product offered for sale to the public at the time plaintiff first offered its product for sale on or about June 27, 1975, and therefore its product was not the first such product offered to the public, much less the only such product, plaintiff deliber-

ately, knowingly, and consistently has falsely characterized its product in advertising directed to the consuming public as "*The Baking Soda Deodorant*" instead of "*A Baking Soda Deodorant*," as would have been accurate. In addition to constituting unfair competition as disparagement of defendant's under-arm deodorant containing baking soda, this advertising technique has had the goal and tendency to create the very confusion in the minds of the consuming public that plaintiff alleges defendant Curtis produced by selection of its trademark ARM IN ARM, by deliberately encouraging the false impression among consumers that (a) there is only one such product, (b) thus any product of this type seen on or after June 27, 1975 must have come from the same source regardless of its brand name, and (c) that source must be the same source of baking soda that has been implanted in consumers' minds for many years through plaintiff's 100 per cent monopolistic control of the consumer market in baking soda and its accompanying use of its trademark ARM & HAMMER.

(123) Since plaintiff's efforts to support and reinforce its said excessive demands on defendant Curtis through the use of false and misleading advertising as aforesaid can succeed only through reliance on the illegal and anti-competitive character of the trademark ARM & HAMMER derived from many years of monopolistic use of the mark, said efforts are tainted with the same illegality that is now inherent in said trademark because of its long use as an integral part of a scheme to monopolize the consumer market in baking soda, and such efforts therefore constitute a further extension of the misuse of the registered trademark ARM & HAMMER in violation of the antitrust laws that is alleged in paragraphs 112-114 above.

#### Unlawful Effects

(124) The aforesaid acts and conduct of plaintiff have the following effects, among others:

(a) In part through the aforesaid use of its trademark ARM & HAMMER as a powerful anti-competitive device, plaintiff has attempted to monopolize and has monopolized the consumer market for baking soda throughout the United States and in various geographical areas thereof, and has attempted to restrain and has restrained trade and commerce in said market in the United States and in various geographical areas thereof.

(b) Plaintiff has reinforced its unlawful consumer market control over baking soda by successfully engendering an identification among the purchasing public between baking soda sold at retail and plaintiff's trademark ARM & HAMMER. Thus plaintiff's monopoly over the consumer market for baking soda has led many members of the consuming public to believe that the term "baking soda" means ARM & HAMMER, and that the trademark ARM & HAMMER means baking soda.

(c) Plaintiff has relied on its unlawful consumer market control over baking soda and the resulting illegal, anti-competitive nature of its trademark ARM & HAMMER to seek to illegally expand the protection given its said trademark, as well as the package design of its packages of ARM & HAMMER baking soda, in the manner set forth in paragraphs 119 and 120 above.

(d) Again, relying on its unlawful consumer market control over baking soda and the resulting illegal, anti-competitive nature of its trademark ARM & HAMMER, plaintiff has sought to support and reinforce its said illegal expansion of its trademark by use of deliberately false and misleading advertising as set forth in paragraph 122 above.

(e) Even if plaintiff's efforts to enforce its registered trademark ARM & HAMMER against other ARM-containing marks such as defendant Curtis' mark ARM IN ARM might have been lawful and legitimate if carried out in the absence of plaintiff's use of its trademark for many years to help establish and maintain its 100 per cent monopoly in the consumer market in baking soda, the fact that plaintiff is making said efforts here as

a part of a scheme to continue and exploit still further its monopoly in baking soda renders those efforts an integral part of plaintiff's scheme to violate the antitrust laws, and puts those efforts at the heart of plaintiff's unlawful monopolistic activities.

(125) All the acts and conduct alleged in paragraphs 112-114, 119-123 and 124(b), (c), (d) and (e) above, as well as the acts and conduct alleged in paragraph 124(a) above insofar as they relate to use of the trademark ARM & HAMMER, constitute misuse of plaintiff's registered trademark ARM & HAMMER in violation of the antitrust laws of the United States.

#### Impact on Defendant Curtis

(126) If plaintiff, through reliance on its long existent 100 per cent monopoly of the consumer market in baking soda and its use of its trademark ARM & HAMMER as a powerful anti-competitive device derived from that monopoly, is successful in barring use by defendant Curtis of its trademark ARM IN ARM for an underarm deodorant containing baking soda as an important advertised ingredient, which product Curtis was the first to offer for sale to the public, defendant will be deprived of valuable property rights in the form, as explained in paragraphs 105 and 106 above, of its trademark ARM IN ARM and the package design for its baking soda underarm deodorant, both of which are very effective marketing tools for reaching the principal target market to which Curtis is addressing its said product.

(127) By reason of the foregoing activities of plaintiff, defendant Curtis has sustained injury in its business and property, and is threatened from day to day with continuing loss and damage, including loss of sales of its baking soda underarm deodorant, and will suffer great additional injury if it is deprived of further use of its effective and lawful trademark ARM IN ARM and/or its said package design, and is deprived of the benefit of large sums of money it has expended in advertising and pro-

moting the sale of its baking soda underarm deodorant with said trademark and package design.

(128) As a result of plaintiff's aforesaid unlawful acts constituting misuse of its registered trademark ARM & HAMMER in violation of the antitrust laws of the United States, plaintiff is guilty of unclean hands and is, therefore, estopped from maintaining this action.

(129) The aforesaid acts constituting a misuse of plaintiff's federal trademark registrations can be continued as long as said registrations remain in force and effect to the injury and damage of defendants and, on information and belief, to the injury and damage of others.

#### Relief Requested

WHEREFORE, defendant Curtis prays:

UU. That the Second Amended and Supplemental Complaint herein be dismissed.

VV. That, pursuant to the provisions of 15 U. S. C. § 1119 and § 1115b(7), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of plaintiff's misuse of its federal trademark registrations to violate the antitrust laws of the United States by cancelling therefrom plaintiff's trademark registrations listed in paragraph 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the mark ARM & HAMMER or the Design of an Arm & Hammer.

WW. In the alternative, that plaintiff be enjoined from (1) attempting to enforce its word trademark ARM & HAMMER and/or its corresponding Design mark against the use of any trademark on or in connection with any product not specifically listed in any of plaintiff's respective existing trademark registrations for said marks and in connection with which said trademark is in actual present use by plaintiff, and/or (2) using its trademark ARM & HAMMER and/or its said Design trademark

on or in connection with any product not specifically listed in any of plaintiff's respective existing trademark registrations.

XX. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action.

#### IV.

And as its fourth Affirmative Defense of trademark misuse violative of the antitrust laws, arising from plaintiff's attempt to extend its monopolization of the consumer market for baking soda as such to include the submarket for baking soda underarm products, defendant Helene Curtis alleges:

(130) Defendant Curtis realleges and incorporates by reference paragraphs 105-127 of its third Affirmative Defense.

#### The Relevant Market

(131) The production and distribution for sale throughout the United States of products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient is a relevant consumer submarket for purposes of application of the Clayton Act and the Sherman Act, since baking soda is classified by most consumers as a "natural ingredient" instead of a "chemical," and a certain segment of the public purchases only products in which the ingredients they consider to be the important ingredients are substances, such as baking soda, that are classified by them as natural ingredients.

(132) Defendant alleges on information and belief that plaintiff controls approximately 75 per cent of the sales of baking soda for use as an ingredient in other manufactured products.

(133) Defendant alleges on information and belief that plaintiff has an approximately 60 per cent share of the relevant consumer submarket throughout the United States for products

specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient.

#### Acts Complained Of

(134) Plaintiff has attempted to monopolize and restrain trade and commerce throughout the United States in said submarket for products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient.

(135) As a part of its attempt to monopolize said submarket, plaintiff has employed its registered trademark ARM & HAMMER as a powerful anti-competitive device as alleged in paragraphs 112-114 and 119-123 above and paragraphs 136, 139 and 140 below.

(136) Through said use of its trademark ARM & HAMMER and through other devices and stratagems violative of the anti-trust laws, plaintiff intends and has attempted not only (a) to deprive defendant Curtis of its valuable property rights in the very effective marketing tools that are its carefully selected trademark ARM IN ARM and the package design for Curtis' baking soda underarm deodorant, as alleged in the third Affirmative Defense above, but also (b) to monopolize the market in products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient, by discouraging Curtis and causing the sales of its competitive baking soda underarm deodorant to decrease to such an extent that Curtis will be forced to withdraw said product from the market, and thereby also (c) to monopolize the use of the words "baking soda" when used to described any product specifically formulated for underarm use for controlling body odors.

(137) When defendant Curtis had decided to market a baking soda deodorant product, it consulted with employees of

plaintiff concerning the properties and availability of baking soda. Defendant Curtis is informed and believes and therefore alleges that upon learning of the possible interest of defendant Curtis in such a personal care product, plaintiff, which had been considering the possibility of a specifically formulated underarm deodorant containing baking soda for a number of years, promptly rushed its deodorant product to completion without effecting all of the normal product testing that such product would ordinarily be given, in an attempt to reach the marketplace before defendant Curtis did and to discourage Curtis from entering the field of baking soda deodorants, thereby attempting to monopolize the sale of products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient.

(138) Defendant Curtis is informed and believes and therefore alleges that when plaintiff learned that defendant's baking soda deodorant product had reached the stage where it was being test marketed, plaintiff hurried its baking soda deodorant product to market on a nationwide basis without the benefit of the normal test marketing that such personal care products usually receive, in an attempt to "preempt" the market for baking soda deodorants, thereby further attempting to monopolize the sale of products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient.

(139) In addition, defendant Curtis alleges on information and belief that from and after June 27, 1975, when plaintiff first offered its baking soda deodorant for sale to the public, as a part of its attempt to monopolize the sale of the aforesaid specifically formulated products containing baking soda, plaintiff has employed its trademark ARM & HAMMER as an illegal, anti-competitive device, by, among other things, mounting campaigns through its sales force and through its brokers that erroneously and untruthfully:

(a) seek to advise potential customers for said underarm deodorant products that defendant's ARM IN ARM deodorant is inferior in comparison to plaintiff's product, for the alleged reason that the latter is sold under the same ARM & HAMMER trademark used for over 100 years for baking soda as such, and is manufactured by the same people who are the only suppliers of baking soda for the consumer market and, because of their monopoly position in said consumer market, possess "know-how" and other proprietary information that makes the ARM & HAMMER baking soda product a superior product; and/or

(b) insinuate that in view of the present lawsuit defendant's underarm deodorant product will probably be withdrawn from the market at any time, leaving only the product sold under the well known trademark ARM & HAMMER; and/or

(c) advise potential customers for defendant's underarm deodorant product that said product may soon be sold at a higher price than the similar product sold under the well known trademark ARM & HAMMER, since plaintiff controls the price of the baking soda that is an important ingredient in said product; and/or

(d) make other assertions in regard to defendant's said product that are damaging and disparaging thereto in comparison to plaintiff's similar product sold under its trademark ARM & HAMMER, which assertions plaintiff hints it can make because of its position as the supplier of approximately 75 per cent of the baking soda that is sold for use as an ingredient in other products.

(140) From and after June 27, 1975 plaintiff has engaged in advertising, promotional, and public relations campaigns, including deliberately false and misleading advertising as alleged in paragraphs 122 and 123 above, that are designed:

(a) to falsely convince potential customers and the consuming public at large that plaintiff's product is the only product

available on the market that is specifically formulated for use as an underarm deodorant and contains baking soda as an important ingredient, which claim plaintiff hopes to be able to make convincing through the monopolistic power of its trademark ARM & HAMMER in the consumer market in baking soda; and/or

(b) to use its monopoly in the consumer sale of baking soda, and the resulting powerful anti-competitive effect of its trademark ARM & HAMMER, to confuse customers as to the source of any underarm deodorant products that happen to contain baking soda, thereby resulting in customers choosing plaintiff's ARM & HAMMER deodorant product, as the product with the brand name synonymous with "baking soda," out of habit, with the hope on plaintiff's part that such activities will decrease defendant Curtis' sales of its baking soda deodorant product and thereby tend to drive defendant out of this particular line of business.

#### Unlawful Effects

(141) The acts and conduct alleged in paragraphs 112-114, 119-123, 135, 136, 139 and 140 above constitute misuse of plaintiff's registered trademark ARM & HAMMER in violation of the antitrust laws of the United States.

(142) By reason of the activities of plaintiff alleged in this fourth Affirmative Defense, defendant Curtis has sustained injury in its business and property and is threatened from day to day with continuing loss and damage, and in particular will suffer great injury if it is forced by plaintiff's said activities to withdraw from and abandon its line of business comprising the sale of an underarm deodorant containing baking soda as an important advertised ingredient.

(143) As a result of plaintiff's aforesaid unlawful acts, plaintiff is guilty of unclean hands and is, therefore, estopped from maintaining this action.

(144) The aforesaid acts constituting a misuse of plaintiff's federal trademark registrations can be continued as long as said registrations remain in force and effect to the injury and damage of defendants and, on information and belief, to the injury and damage of others.

#### Relief Requested

WHEREFORE, defendant Curtis prays:

YY. That the Second Amended and Supplemental Complaint herein be dismissed.

ZZ. That, pursuant to the provisions of 15 U. S. C. § 1119 and § 1115b(7), the Commissioner of Patents and Trademarks be ordered and directed to rectify the trademark register because of plaintiff's misuse of its federal trademark registrations as used to violate the antitrust laws of the United States by cancelling therefrom plaintiff's trademark registrations listed in paragraph 11 of the Second Amended and Supplemental Complaint and any other trademark registrations that plaintiff may own for the mark ARM & HAMMER or the Design of an Arm & Hammer.

AAA. In the alternative, that plaintiff be enjoined from (1) attempting to enforce its word trademark ARM & HAMMER and/or its corresponding Design trademark against the use of any trademark on or in connection with any product not specifically listed in any of plaintiff's respective existing trademark registrations for said marks and in connection with which said trademark is in actual present use by plaintiff, and/or (2) using its trademark ARM & HAMMER and/or its Design trademark on or in connection with any product not specifically listed in any of plaintiff's respective existing trademark registrations.

BBB. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action.

### *Counterclaim (Count VIII)*

As an eighth cause of action in its Counterclaim against plaintiff, arising from plaintiff's monopolistic misuse of its trademark in an attempt to unlawfully deprive defendant Curtis of its valuable trademark ARM IN ARM and its valuable package design for its baking soda underarm deodorant, defendant/counterclaimant Helene Curtis alleges:

#### *The Parties*

(145) Defendant/Counterclaimant Helene Curtis Industries, Inc. realleges and incorporates by reference paragraphs 49 and 50 of Count I of this Counterclaim.

#### *Jurisdiction and Venue*

(146) There is an Action presently pending in this Court between the defendant and the plaintiff, Civil Action No. 76 C 4398, over which this Court has jurisdiction.

(147) This is an action for damages and injunctive relief under the Federal antitrust laws, more particularly, Section 2 of the Act of Congress of July 1890, 26 Stat. 209 as amended, commonly known as the Sherman Act (15 U. S. C. § 2), and Sections 4 and 16 of the Clayton Act, 38 Stat. 731, 737 (15 U. S. C. § 15 and § 26). This Court has jurisdiction of the cause of action pleaded herein and venue is proper in the United States District Court for the Northern District of Illinois under 15 U. S. C. § 15 and § 22.

#### *Background, Acts Complained of and Unlawful Effects*

(148) Defendant realleges and incorporates by reference paragraphs 105 through 127 of its third Affirmative Defense above.

### *Relief Requested*

WHEREFORE, defendant/counterclaimant Curtis prays:

CCC. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above, and that said damages be trebled.

DDD. That plaintiff, its employees, representatives, and all persons acting in concert with plaintiff or in privity with plaintiff be enjoined from engaging in the aforeme. ~~and~~ unlawful acts.

EEE. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the defense of plaintiff's trademark infringement action and in the prosecution of this Counterclaim.

FFF. That defendant Curtis shall have such other and further relief as may be deemed to be just and proper by this Court.

### *Counterclaim (Count IX)*

As a ninth cause of action in its Counterclaim against plaintiff, arising from plaintiff's attempt to monopolize the submarket of products specifically formulated for underarm use and containing baking soda as an important advertised ingredient, defendant/counterclaimant Curtis alleges:

(149) Defendant realleges and incorporates by reference paragraphs 145-147 of Count VIII of this Counterclaim and paragraphs 105-127 and paragraphs 130-142, respectively, of the third and fourth Affirmative Defense above.

#### *Impact on Defendant/Counterclaimant*

(150) Defendant Curtis has invested large sums of money and a great deal of time and expense in developing its baking soda underarm deodorant product, in advertising and popularizing said product, and in the sale and distribution of said product.

(151) The aforementioned activities of plaintiff in respect of the baking soda underarm deodorant product of defendant Curtis are intended to result in the destruction of this line of business of defendant Curtis, and if allowed to continue will result in injury to defendant Curtis and the destruction of its investment in this line of business which, to date, is in excess of Seven Million Dollars (\$7,000,000.00).

#### Unlawful Effects

(152) The aforementioned activities of plaintiff in respect of the baking soda underarm deodorant product of defendant Curtis are a part of plaintiff's attempt to monopolize and restrain trade and commerce in the marketing of products specifically formulated for underarm use for controlling body odors and which are advertised as containing baking soda as an important ingredient, and if these activities are allowed to continue there is a dangerous probability that plaintiff will succeed in monopolizing the relevant submarket as thus defined, to the damage and injury of defendant Curtis.

(153) As a result of plaintiff's aforesaid unlawful acts and attempts to monopolize and restrain commerce and trade, defendant/counterclaimant has been damaged in that it will lose the benefit of a large portion of its aforesaid expenditures and efforts if plaintiff is successful and may lose the same whether or not plaintiff succeeds in its unlawful activity, all to its damage and injury. Defendant/counterclaimant will further be forced to expend large sums of money and to use the time of its officers and employees in order to defend against the activities of the plaintiff, to its further damage and injury.

#### Relief Requested

WHEREFORE, defendant/counterclaimant Curtis prays:

GGG. That plaintiff be required to account to defendant Curtis for the damages suffered by defendant as a result of the acts set forth above and that said damages be trebled.

HHH. That plaintiff, its employees, representatives, suppliers, brokers, and all persons acting in concert with plaintiff or who are in privity with plaintiff be enjoined from engaging in the unlawful acts set forth above.

III. That defendant Curtis be awarded its costs, expenses and attorneys' fees incurred in the prosecution of this counterclaim.

JJJ. That defendant Curtis be provided such other and further relief against plaintiff as the Court may deem proper, including as necessary, the sale and divestiture of some of the assets or line of business of plaintiff, cancellation of its trademark registrations and nullification of its ARM & HAMMER trademarks as provided in 15 U. S. C. § 1119 and § 1115b(7), and/or the mandatory licensing of others to use said Arm & Hammer trademarks for baking soda as such.

Dated: January 4, 1977

/s/ R. Howard Goldsmith  
R. Howard Goldsmith

/s/ James W. Clement  
James W. Clement

/s/ Sheldon O. Collen  
Sheldon O. Collen

*Attorneys for Defendant/  
Counterclaimant Helene  
Curtis Industries, Inc.*

## UNITED STATES DISTRICT COURT

Western District of New York

\* \* (Caption Omitted in Printing) \* \*

JUDGE BURKE'S ORDER OF FEBRUARY 25, 1976  
SEPARATING ISSUES AND STAYING ANTITRUST  
ISSUES AND DISCOVERY

This is an action for infringement and dilution of plaintiff's trademark rights and for unfair competition. The defendants have interposed an affirmative defense and counter claims based on alleged violation of the Antitrust Laws. The plaintiff moves for an order directing a separate trial of the trademark issues in advance of the antitrust issues and a stay of proceedings in the antitrust issues until after determination of the trademark issues.

The complaint charges infringement and dilution of plaintiffs Arm and Hammer registered trademarks, use of false designations of origin and unfair competition. The conduct complained of is defendant's use in connection with their marketing of a baking soda deodorant of the trademark "Arm in Arm with Baking Soda" and a trade dress confusingly similar to the trade dress long previously used for plaintiff's products.

Plaintiff has demanded a jury trial of the issues raised by the complaint and answer. The trademark issues differ significantly from the antitrust issues. The witnesses, documentary proof and discovery on the respective issues would be different both in character and in scope. Prior determination of the trademark issues could obviate the need for ever trying the antitrust issues.

The Court of Appeals for the Second Circuit in *Carl Zeiss Stiftung v. VEB Carl Zeiss Jena*, 433 F. 2d 686 (2 cir. 1970)

at page 706 (paragraph 13) approved the rejection of the anti-trust defense by the District Court for the reasons set forth in the opinion of the District Court, 298 F. Sup. 1309. At page 1314 of the opinion of the District Court the court recognized the power of the court to deny enforcement of a trademark on the part of one who has used the trademark in violation of anti-trust laws. The court said that it recognized that the forces favoring exercise of such power in a trademark issue are much weaker than in patent litigation, stating its reasons. The court further said that although it did not accept the view that the defense should be unavailable as a matter of law, that it is significant that in almost every reported instance where the antitrust misuse of a trademark has been raised as a defense, it has been rejected.

There is no merit to defendants contention that trying the trademark issue first, with a stay of the antitrust issues, would deprive defendants of their day in court on the antitrust defense. The antitrust defense is based on the question whether plaintiff acted in good faith in bringing this suit and in asserting its trademarks against defendants and others. A separate trial of the trademark issues will afford the defendants a full opportunity to be heard on the antitrust defense. If the defendants are successful in the trial of the trademark issues in showing that the plaintiffs bad faith assertion of its trademark rights, defendants could then pursue the remaining aspects of the antitrust suit. A decision favorable to plaintiff on the trial of the trademark issues and unfair competition may obviate the necessity to try the antitrust issues raised by the affirmative defense and counter claims.

A stay of all proceedings on the issues raised by the defendant's affirmative defense and counter claims is desirable by postponing burdensome discovery that may ultimately prove unnecessary if plaintiff succeeds in the trial of the issues of trademark infringement and unfair competition. Separate trials are likely to save time for counsel and for the court and jury. Separate trials will avoid possible prejudice likely to arise at a single trial, from the jury confusion of the trademark and unfair competition with the antitrust issues.

IT IS HEREBY ORDERED that there shall be a separate trial of the issues raised by the defendant's affirmative defense and counter claims after the trial of the issues raised by the complaint. All proceedings including discovery on the issues raised by defendant's affirmative defense and counter claims are stayed until the issues raised by the complaint have been tried and decided.

/s/ Harold P. Burke  
Harold P. Burke

February 25, 1976.

*United States District Judge*

IN THE UNITED STATES DISTRICT COURT  
For the Northern District of Illinois  
Eastern Division

\* \* (Caption Omitted in Printing) \* \*

MOTION TO VACATE ORDER SEVERING ISSUES

HELENE CURTIS INDUSTRIES, INC. moves that the Order entered by Judge Burke herein on February 25, 1976 by which it was ordered that there shall be a separate trial of the issues raised by the affirmative defense and counterclaims after the trial of the issues raised by the original complaint herein, and that all proceedings including discovery on the issues raised by said affirmative defense and counterclaims shall be stayed until the issues raised by the complaint have been tried and decided, be vacated. The grounds for this motion to have said Order vacated are as follows:

(1) As pointed out in the petition for a writ of certiorari and reply brief in support of said petition that have been filed in the Supreme Court of the United States (copies of which, together with a copy of the Petitioners' Appendix, are attached hereto), the so-called "trademark issues" and so-called "anti-trust issues" presented in this case are so inextricably intertwined that they cannot be separated without violating the due process and jury trial provisions of the Fifth and Seventh Amendments to the Constitution of the United States, and the corresponding provisions of Rule 42(b) of the Federal Rules of Civil Procedure.

(2) The defendant Helene Curtis Industries, Inc. has forwarded for filing in the United States Supreme Court a motion to dismiss its aforesaid petition for a writ of certiorari on the grounds that with the transfer of this cause from the Western District of New York to the Northern District of Illinois, the relief requested by the petition has become moot.

(3) The orderly administration of justice will be advanced if this Honorable Court rejoins the issues that were severed by said Order of February 25, 1976, so that the defendant Helene Curtis will have a meaningful opportunity to present—to the same jury that hears the so-called “trademark issues” in this case—the so-called “antitrust issues” that are, as explained in the attached petition and reply brief, intimately and inextricably intertwined with the trademark issues in the case.

(4) Judge Burke’s Order of February 25, 1976 does not apply to affirmative defenses and counterclaims to the “Second Amended and Supplemental Complaint” filed in this cause subsequent to the February 25, 1976 Order.

(5) There is presently pending in this Court related Civil Action No. 76 C 2235 which will be consolidated with this transferred case, and the two cases should be tried together.

Respectfully submitted,

/s/ R. Howard Goldsmith  
R. Howard Goldsmith

/s/ James W. Clement  
James W. Clement  
Dressler, Goldsmith, Clement,  
Gordon & Shore, Ltd.  
1800 Prudential Plaza  
Chicago, Illinois 60601  
Telephone: (312) 527-4025  
*Attorneys for Defendant Helene  
Curtis Industries, Inc.*

IN THE UNITED STATES DISTRICT COURT  
For the Northern District of Illinois  
Eastern Division

\* \* (Caption Omitted in Printing) \* \*

PRELIMINARY INJUNCTION ORDER

It is hereby ordered and decreed that Helene Curtis Industries, Inc. (“Curtis”), its agents, servants, employees, attorneys and all persons in active concert or participation with Curtis, having actual notice hereof, be and hereby are, enjoined and restrained, pending the final hearing and determination of this action, from using any of the following words as or as part of any trademark, brand name or other product or commercial identification, in connection with the sale, offering for sale, distribution, advertising or promotion of any deodorant or anti-perspirant product: Arm in Arm or any combination of words which includes Arm in Arm.

And it is ordered and decreed that this preliminary injunction shall take effect on April 1, 1977, provided that no later than February 28, 1977, Church & Dwight Co., Inc. has filed with the Clerk of the United States District Court for the Northern District of Illinois a bond in the amount of two hundred fifty thousand dollars (\$250,000.00), for payment of such costs and damages as may be incurred or suffered by any party that is subsequently determined to have been wrongfully enjoined thereby.

ENTER:

/s/ FRANK J. MCGARR  
*United States District Judge*

Dated: January 24, 1977

IN THE UNITED STATES DISTRICT COURT  
For the Northern District of Illinois  
Eastern Division

\* \* (Caption Omitted in Printing) \* \*

FINDINGS OF FACT AND CONCLUSIONS OF LAW  
ON PLAINTIFF'S MOTION FOR PRELIMINARY  
INJUNCTION

Church & Dwight filed this suit in the Western District of New York on May 16, 1975, shortly after learning of defendant's product, Arm in Arm deodorant and defendant's market testing activities. Despite its pendency, defendant has continued to promote and market the product.

More than a year after filing, application for preliminary injunction was made. I find no basis for estoppel arising out of this delay.

The motion for a preliminary injunction, and plaintiff's motion to transfer the case to Chicago were argued and briefed before the District Court in Rochester, New York.

After a long, perplexing and regrettable delay, that court transferred the case to the Northern District of Illinois, without deciding the injunction issue.

The court has considered the pleadings, depositions and affidavits, the transcript of the hearing before the New York court, and the contentions of the parties, and enters the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

*The Parties*

1. Plaintiff Church & Dwight Co., Inc. is a Delaware corporation with its principal place of business in New York, New York.

2. Defendant Helene Curtis Industries, Inc. (hereinafter "Curtis") is an Illinois corporation with its principal place of business in Chicago, Illinois.

3. Defendant Achter's Key Drug, Inc. (hereinafter "Key Drug") is a New York corporation with its principal place of business in Rochester, New York.

4. Defendant N. W. Ayer & Son, Incorporated (hereinafter "Ayer") is a Delaware corporation and is licensed to do business in New York.

*Nature of the Action and This Motion*

5. This is an action for infringement, dilution and disparagement of plaintiff's right in its U. S. registered trademark Arm & Hammer, and for unfair competition, arising out of the defendants' use of the Arm in Arm trademark and the trade dress of the packaging for Arm in Arm With Baking Soda personal deodorant. Jurisdiction is admitted to exist under the Federal Trademark Laws and 28 U. S. C. § 1338.

6. By this motion, plaintiff seeks a preliminary injunction against defendant Curtis' use of the Arm in Arm trademark for its Baking Soda personal deodorants.

*Plaintiff's Arm & Hammer Business and Products*

7. Plaintiff's registered trademark Arm & Hammer, under which plaintiff advertises and sells Baking Soda to the consuming public has been used by plaintiff and its predecessors for over 100 years.

8. The deposition testimony of defendant Curtis' own agents confirms that Arm & Hammer is a famous and distinctive trademark, long known to all of them.

9. Plaintiff and its predecessors have expended large sums in advertising and promoting the sales of products under the Arm & Hammer trademark throughout the United States, and

such advertising and sales promotion for Arm & Hammer products (other than Arm & Hammer Baking Soda spray deodorant) was carried on long prior to Curtis' first marketing of Arm in Arm deodorants.

10. Plaintiff is the registrant of 19 United States trademark registrations on the Principal Register of the 1946 Trademark Act of Arm & Hammer (word and design marks) for various personal care and household products, including Baking Soda, bicarbonate of soda for use as a dentifrice and a bath salt, washing soda, laundry detergent, oven cleaner and borax.

11. Each of the certified status copies of plaintiff's 19 U. S. registrations of the Arm & Hammer trademarks is "*prima facie*" evidence of the validity of the registration, registrant's ownership of the mark, and of registrant's exclusive right to use the mark in commerce in connection with the goods . . . specified in the certificate. . . ." (15 U. S. C. §§ 1057(b), 1115(a)).

12. Before defendant Curtis adopted the Arm in Arm trademark, plaintiff's U. S. registrations of the Arm & Hammer trademarks (Exhibits 1-18 to the Second Amended Complaint) were effective to give Curtis "constructive notice" that the registrant Church & Dwight claimed ownership of Arm & Hammer as a mark used to identify the various personal care and household products of Church & Dwight which are specified in the registration certificates (15 U. S. C. § 1072).

13. Baking Soda has a great variety of uses for household cleaning, deodorizing and baking purposes. It is also used as an antacid, as a dentifrice and as an ingredient in various other health and beauty applications. Plaintiff and its predecessors have extensively advertised and promoted the use of Arm & Hammer Baking Soda for such uses, including various household purposes which utilize the product's cleansing and deodorizing properties.

14. For more than 50 years plaintiff and its predecessors have advertised and promoted Arm & Hammer Baking Soda

for use as a deodorant and for other purposes which utilize the product's deodorizing properties.

15. Plaintiff and its predecessors have extensively used the Arm & Hammer trademark on Baking Soda and have extended the use of the Arm & Hammer trademark to various consumer products such as laundry detergent, washing soda, borax and oven cleaner.

16. The latest addition to plaintiff's line of Arm & Hammer products is Arm & Hammer Baking Soda personal deodorant, which utilizes the deodorizing properties of Baking Soda in an aerosol spray container. Following research and development work and clinical and marketing research tests from 1973 through early 1975, plaintiff commenced selling its Arm & Hammer Baking Soda personal deodorant for national distribution in late June and early July, 1975, shortly after the commencement of this action on May 16, 1975.

17. Plaintiff has employed a color scheme for the packaging of a number of its Arm & Hammer products, including Arm & Hammer Baking Soda and Arm & Hammer Baking Soda spray deodorant, consisting of yellow containers on which the Arm & Hammer trademark is imprinted on a red background displayed against an overall yellow background (e.g., yellow and red; Arm & Hammer Baking Soda package facing p. 2 of Curtis' Memo in Opposition to Plaintiff's Motion for Preliminary Injunction).

*Derivation of the Concept, Brand Name and Packaging for Defendants' Arm in Arm With Baking Soda Deodorant*

18. In August, 1974, Curtis' New Product Development Manager derived the idea of marketing a personal deodorant containing Baking Soda from watching plaintiff's commercials promoting the deodorizing properties of Arm & Hammer Baking Soda.

19. On October 8, 1974, representatives of plaintiff and defendant Curtis met pursuant to Curtis' request for technical information about Baking Soda "and its applications in the toiletries and cosmetic field". At that meeting, Curtis' representatives were given "a brief history of Arm & Hammer Baking Soda and its manufacture" and information about "its use as a deodorizer in the refrigerator, cat litter, dishwasher, and as an undersarm (sic) personal deodorant", including information about "consumer reports of underarm deodorant efficacy" and other "documentation . . . for its deodorant use".

20. Defendants Curtis and Ayer selected Arm in Arm as the brand name for the new Baking Soda deodorant from a list of 95 names. Of the 95 names considered, Arm in Arm is the only one that resembles Arm & Hammer. Plaintiff has acknowledged that it would have no objection to defendants' marketing a Baking Soda deodorant under any of the 95 names except Arm in Arm.

21. Before deciding on Arm in Arm as the brand name for the new Baking Soda deodorant, defendants Curtis and Ayer conducted marketing research tests in November, 1974 to "determine if the name Arm in Arm fit the product". A Curtis report states the conclusion reached:

"The results of the test again, were most favorable:

" . . . the name 'Arm in Arm' proved to be a highly appropriate name for the product. It was well liked and considered to be appropriate by 64% of the respondents; and over half of those who felt it was appropriate, said so because they associated Arm in Arm with baking soda."

22. On the basis of the foregoing tests conducted by defendant Ayer and other marketing research tests conducted by Goldring & Company in February, 1975, defendant Curtis concluded on February 7, 1975 that:

"The name Arm in Arm is a very acceptable name for the test product. The name readily produces such images as:

" . . . Arm and Hammer Baking Soda."

23. In February, 1975, defendant Ayer conducted marketing research tests for defendant Curtis on 3 package designs for the new Arm in Arm with Baking Soda product. The purpose of the tests was to determine "how well that package communicates and supports the product concept, the product claims and the intended product image—when viewed by the members of the target market". Defendants Curtis and Ayer concluded that the test results showed that one of the "key, concept-related points" on which "men and women agreed" was that:

"The cream background packages are most suggestive of baking soda, the unique ingredient in Arm in Arm." (Curtis doc. D690)

Defendant Ayer's recommendation, based on the test results, was to choose the packages with the cream yellow background, because "[t]he cream background packages best suit the positioning of a natural deodorant with baking soda." (Curtis doc. D691) Defendant Curtis adopted the recommendation.

24. Defendant Curtis' data recorded in the February, 1975, test questionnaires contain numerous instances where the persons interviewed indicated that the cream yellow background design of the Arm in Arm packages reminds them of the yellow background design of the Baking Soda package (Arm & Hammer).

25. Defendant Curtis' own data in the form of questionnaires and tapes recording Curtis' marketing research tests of the Arm in Arm With Baking Soda concept and advertising before the first test marketing of the product in April, 1975, record numerous instances where consumers either (a) confused Arm in Arm with Arm & Hammer, (b) expressed a mistaken belief that Arm in Arm is made by Arm & Hammer or is otherwise connected with Arm & Hammer, or (c) said that they felt that Arm in Arm is a copy of Arm & Hammer.

*Plaintiff's Protests and Suit Against the Arm in Arm With Baking Soda Brand Name and Packaging*

26. On April 28, 1975, defendant Curtis commenced sales of Arm in Arm With Baking Soda spray deodorant on a limited test market basis in Rochester, New York, Erie, Pennsylvania, and Orlando, Florida. Arm in Arm advertising commenced on May 12, 1975, using radio and newspaper media in the three test cities and television in Erie.

27. On May 8 and again on May 12, 1975, plaintiff objected to defendant Curtis' use of the Arm in Arm brand name and the yellow and red color combination of the Arm in Arm With Baking Soda packaging as violating plaintiff's rights in the Arm & Hammer trademarks and the distinctive yellow and red color combination of the Arm & Hammer Baking Soda packaging. Following Curtis' rejection of plaintiff's protests on May 12, 1975, plaintiff filed its complaint in this action on May 16, 1975.

*The Progressive Increase in the Scope of Defendants' Arm in Arm Sales and Advertising During the Pendency of the Action*

28. During the pendency of this lawsuit, Curtis has expanded its Arm in Arm With Baking Soda sales and advertising from the 3 test cities to the national market. Defendant Curtis commenced selling the product for national distribution on July 16, 1975. Defendants Ayer and Curtis commenced national Arm in Arm advertising on October 13, 1975 with national advertising timed to coincide with the date when the Arm in Arm product would reach store shelves throughout the country.

29. In the late summer and fall of 1975, defendant Curtis introduced new packaging for the Arm in Arm With Baking Soda product (Exhibits 22 and 23 to the Second Amended Complaint). The new packaging retains the same color combinations (with cream yellow background), the same containers designs and the same Arm in Arm brand name of the original packages (Exhibits 20 and 21 to Second Amended Complaint),

but adds the name "Helene Curtis" to the packages, in type smaller than that of the Arm in Arm trademark.

30. In October, 1975, defendant Curtis initiated what it characterized as a "massive", nationwide advertising promotion of Arm in Arm With Baking Soda spray deodorant which Curtis announced in November, 1975, as its "Arm in Arm multi-million dollar advertising blitz".

31. On January 15, 1976, Curtis' marketing research agency, McCollum/Spielman & Company ("McCollum") made a presentation to defendants Curtis and Ayer of the results of tests conducted by McCollum in December of 1975 of consumer reactions to 3 Arm in Arm television commercials. That presentation included the distribution of copies of a table and a slide projection showing that of the consumers who witnessed the 3 Arm in Arm commercials, 31%, 26% and 31% believed the Arm in Arm product is made by Arm & Hammer, while 20%, 29% and 35% believed it is made by Helene Curtis. Overall more believed that Arm in Arm is made by Arm & Hammer than believed it is made by Helene Curtis.

32. In April, 1976, Curtis announced to the trade that it was expanding its Arm in Arm line with the introduction of a new roll-on deodorant product which it was planning to advertise and distribute nationally under the Arm in Arm brand name in June, 1976.

33. The packaging of the new Arm in Arm With Baking Soda roll-on product employs the same color combination (with cream yellow background) and the same Arm in Arm brand name used for the Arm in Arm spray deodorant. With the court's leave, on June 3, 1976, plaintiff served and filed its Second Amended and Supplemental Complaint adding claims against the Arm in Arm With Baking Soda brand name and the color combinations and package design of this new roll-on product.

34. Defendant Curtis is now selling, distributing and advertising Baking Soda personal deodorants under the Arm in Arm trademark throughout the United States.

35. Defendant Curtis has declared that in spite of plaintiff's objections, Curtis intends to continue to use and to expand the use of the Arm in Arm trademark in connection with the distribution, sale, promotion and advertising of its Baking Soda deodorant products.

36. In escalating Arm in Arm sales and advertising from 3 test cities to the national market, defendant Curtis' objective (as recorded in Curtis' documents) was to use the Arm in Arm name "to preempt the baking soda idea" at the expense of potential competitors, and thereby carve out a \$10 million a year share of the deodorant market "before competition has a chance to react". (Curtis doc. D3509)

"First, there is the need to preempt the Baking Soda Idea for Arm in Arm, because if this isn't done, competition can easily step in and take over the Baking Soda idea. \* \* \* Fortunately, Arm in Arm has a lot going for us in the name . . . a name that quickly communicates baking soda and the boy and girl association." (Curtis Doc. D1485)

#### *Confusion*

37. Arm in Arm With Baking Soda personal deodorant products are sold in direct competition with plaintiff's Arm & Hammer Baking Soda personal deodorants. And the personal deodorant products of both parties are sold, among other places, in the same retail outlets.

38. Defendant Curtis' Counterclaim VI herein alleges that plaintiff's use of the Arm & Hammer trademark for its personal deodorants infringes the Arm in Arm trademark for personal deodorants and constitutes unfair competition with defendant Curtis (Curtis' Answer to Second Amended Complaint ¶¶ (96)-(98)).

39. Defendant Curtis' Counterclaim VI alleges that concurrent use of the Arm in Arm and Arm & Hammer trademarks for Baking Soda personal deodorants is likely to "confuse and deceive the general public, including prospective purchasers of underarm

deodorant products offered by defendant Curtis, into believing that the products of the plaintiff are the products of defendant Curtis, or are in some manner backed by, sponsored by, franchised by, associated with, or otherwise connected with defendant Curtis". Curtis' allegations are implicit acknowledgment that the concurrent use of the Arm in Arm and Arm & Hammer trademarks for Baking Soda personal deodorants is likely to confuse and deceive the general public, including prospective purchasers of underarm deodorant products offered by plaintiff, into believing that the Arm in Arm With Baking Soda products of defendant Curtis are the products of plaintiff (Arm & Hammer), or are in some manner backed by, sponsored by, franchised by, associated with, or otherwise connected with plaintiff (Arm & Hammer).

40. Defendant Curtis also pleads a counterclaim herein for injury and damage to business reputation, in which defendant Curtis alleges that plaintiff's use of the Arm & Hammer trademark for personal deodorants and plaintiff's use of the other Arm & Hammer marks in suit (Exhibits 1-19 to the Second Amended Complaint) are likely to dilute and diminish the distinctive quality of the Arm in Arm trademark used by defendant Curtis. Defendant Curtis' allegations are implicit acknowledgment that defendants' use of the Arm in Arm trademark for personal deodorants is likely to dilute and diminish the distinctive quality of the Arm & Hammer trademarks previously used and registered for the products specified in the registrations in suit (Exhibits 1-18 to the Second Amended Complaint).

41. In support of the present motion, plaintiff has submitted evidence of numerous instances of actual confusion involving Arm in Arm and Arm & Hammer which were recorded both in defendant Curtis' own marketing research data (Findings 23-25, 31 above and 42-47 below, all admitted by defendant Curtis) and in plaintiff's regular business record (Findings 48-50 below, not controverted by defendant Curtis). In view of the known difficulty in locating evidence of actual confusion, and consider-

ing the short period of time since the inception of defendant Curtis' use of the Arm in Arm trademark, the evidence demonstrating actual confusion (Findings 23-25, 31 above and 42-50 below) is entitled to great weight as proof of an ongoing likelihood of confusion.

#### *Defendants' Records of Actual Confusion*

42. During the pendency of this action, defendant Curtis conducted consumer reaction tests of various Arm in Arm radio and television commercials and other advertisements prepared for Curtis by defendant Ayer. Defendant Curtis' advertising and marketing research agencies who conducted those tests for Curtis testified that Curtis owns and controls all of the questionnaires, tape recordings and other data in the agencies' files that were produced in the course of conducting those tests for Curtis.

43. These data include the following results of tests of consumer reactions to an Arm in Arm television commercial ("Horseback") conducted in June, 1975, by Curtis' marketing research agency McCollum. After the participating consumers had seen and heard the Arm in Arm commercial, they were asked the question, "What company manufactures this product (Arm in Arm)?" McCollum prepared a table summarizing the consumers' answers to that question. According to that table, of the 741 consumers who witnessed the commercial, 9% (66 consumers) believed the Arm in Arm product is manufactured by Arm & Hammer, while 36% believed it is made by Helene Curtis, and 45% had no idea who made it. Of those who identified the maker as either Helene Curtis or Arm & Hammer, 20% believed Arm in Arm is made by Arm & Hammer.

44. Defendant Curtis' data include the following results of tests of consumer reactions to 3 Arm in Arm Commercials ("Switch", "Hiking", "Horseback") conducted in September, 1975 by Curtis' marketing research agency, ASI. ASI recorded on questionnaires the participating consumers' reactions to the

Arm in Arm commercials, including their answers to the question: "What is the brand name of the product being advertised?" As shown by the computer printouts of their responses, 39 of the participating consumers answered "Arm & Hammer", or the equivalent.

45. Defendant Curtis' data include the following results of tests of consumer reactions to 3 Arm in Arm television commercials conducted in December, 1975 by McCollum. The participating consumers recorded in questionnaires their answers to questions put to them after seeing and hearing the 3 Arm in Arm commercials. To the question, "What company manufactures this product (Arm in Arm)?", 295 consumers answered "Arm & Hammer", or the equivalent.

46. On the basis of the consumers' reactions recorded in the December, 1975 tests McCollum prepared a table summarizing the participating consumers' reactions to those 3 Arm in Arm commercials, which was presented to Curtis' management on January 15, 1976 (Finding 31 above). According to that table,

Thirty-one percent of the 341 consumers who witnessed one Arm in Arm commercial ("Vignettes") believed the Arm in Arm product is made by Arm & Hammer, while only 20% believed it is made by Helene Curtis;

Twenty-six percent of the 375 consumers who witnessed another Arm in Arm commercial ("Scientist") believed the Arm in Arm product is made by Arm & Hammer, while 29% believed it is made by Helene Curtis;

Thirty-one percent of the 282 consumers who witnessed another Arm in Arm commercial ("Guru") believed the Arm in Arm product is made by Arm & Hammer, while 35% believed it is made by Helene Curtis.

Thus, of the 998 consumers who saw and heard the 3 Arm in Arm commercials, more believed the Arm in Arm product is made by Arm & Hammer (290) than believed it is made by Helene Curtis (276).

47. In addition to the foregoing proof of confusion, defendants Curtis' marketing research data in the form of questionnaires and tape recordings in defendant Ayer's files record the responses given by consumers interviewed in the course of tests of consumer reactions to Arm in Arm advertising conducted during May through September, 1975. The recorded responses include numerous additional instances of consumers who, after witnessing the particular Arm in Arm advertisements being tested, either (a) confused Arm in Arm with Arm & Hammer or (b) expressed a mistaken belief that Arm in Arm is made by Arm & Hammer or is otherwise connected with Arm & Hammer.

*Plaintiff's Records of Actual Confusion*

48. In support of its motion, plaintiff has submitted 39 letters which plaintiff received during the period November 26, 1975 through June 4, 1976 from consumers located throughout the country, and which evidence confusion involving Arm in Arm and Arm & Hammer. Eighteen of those letters are letters of complaint that were misdirected to plaintiff in the mistaken belief that as the maker of Arm & Hammer products, plaintiff is responsible for various grievances and dissatisfactions which the consumers have expressed about the Arm in Arm With Baking Soda product.

49. Both plaintiff and Curtis promote the sale of their deodorants by reimbursing retailers for costs of advertising their respective products. In order to be reimbursed by plaintiff, the retailer must submit proof that he has indeed advertised an Arm & Hammer product. In support of its motion, plaintiff has submitted advertisements for "Arm in Arm" ("Arm and Arm" or "Arm-Arm") which were submitted in error to plaintiff by 10 retail stores located in various parts of the country as support for the retailers' claims to plaintiff for payment of advertising allowances for the promotion of plaintiff's Arm & Hammer Baking Soda deodorant.

50. Both plaintiff and Curtis also promote the sale of their deodorants through coupons which offer a discount from list price to consumers who tender the coupon with a purchase of the product. The sums discounted by retailers are reimbursed to the retailers upon their submission of the proper coupons to the proper coupon redemption agency. In support of its motion, plaintiff has submitted an affidavit from plaintiff's coupon redemption agency attesting to the fact that from about January 21, 1976 through June 8, 1976, plaintiff's coupon redemption agency received from 82 different retailers and clearing houses located all over the country 93 communications submitting Arm in Arm coupons for payment in the mistaken belief that plaintiff is the maker of or is otherwise connected with the Arm in Arm Baking Soda product.

*There Has Been No Laches*

51. When this suit was filed on May 16, 1975, defendant Curtis was selling Arm in Arm With Baking Soda products only on a limited test market basis in 3 test cities. When plaintiff protested the Arm in Arm trademark and packaging on May 8 and May 12, 1975, the Arm in Arm product had been on sale less than 2 weeks and had not been advertised anywhere. At the outset of the case, the short time and limited scope of Arm in Arm sales had not been sufficient to develop the evidence of actual confusion presented to the court on this motion.

52. Defendant Curtis' *pendente lite* expansion of its Arm in Arm marketing activities from limited testing in 3 cities to a national scale was undertaken in defiance of plaintiff's protests and with knowledge of the confusion involving Arm in Arm and Arm & Hammer that Arm in Arm was causing. In announcing the forthcoming expansion of Arm in Arm from the limited test market to the national market on July 25, 1975, Curtis' Division President stated:

"As you probably heard, about six weeks ago, Arm and Hammer entered a suit against us in an effort to slow us down with our introduction."

\* \* \* \* \*

"... We are going ahead faster than ever before. We are so unconcerned with the suit that we are ready to offer a letter of indemnity to any account who wants it. As far as you are concerned, you need have no worry or fear regarding this at all." (Curtis Doc. D66565.)

Defendant Curtis cannot contend that any expenditures in connection with such expansion were made in reliance on plaintiff's failure to advise Curtis that plaintiff's rights in the Arm & Hammer trademark were being violated.

53. Evidence of actual confusion being caused by the Arm in Arm With Baking Soda products first started to come to plaintiff's attention in late November, 1975, after Curtis had expanded its initial limited, local testing to national sales and advertising in October, 1975 (Findings 26, 28 above). The confusion which has subsequently come to plaintiff's attention has dramatically increased in 1976. The affidavits submitted by plaintiff on this motion show that there were 7 such instances in 1975, while so far in 1976, 141 instances of confusion have come to plaintiff's attention.

54. Defendants Curtis and Ayer have not been prompt in responding to plaintiff's efforts to obtain evidence of confusion recorded in Curtis' marketing research data.

55. There has been no laches that would preclude plaintiff from obtaining preliminary injunctive relief.

#### *Damage to Plaintiff and to the Public*

56. Plaintiff is being and will be damaged by defendant Curtis' use of the trademark Arm in Arm on Baking Soda deodorant products which are directly competitive with plaintiff's Arm & Hammer Baking Soda deodorant products, and which are closely related to plaintiff's other Arm & Hammer

products. Defendant Curtis' use of the trademark Arm in Arm will divert to Curtis the benefit of business reputation and goodwill symbolized by plaintiff's Arm & Hammer trademarks.

57. Plaintiff has demonstrated from numerous instances of actual confusion that there exists a likelihood of confusion between Curtis' trademark Arm in Arm and plaintiff's trademark Arm & Hammer.

58. Defendant Curtis' continued use of the trademark Arm in Arm will cause plaintiff to lose sales as well as to risk injury to its goodwill and to the distinctiveness of its Arm & Hammer trademarks, and the instances and the extent of such injuries will be difficult to identify with precision.

59. Defendant Curtis' use of Arm in Arm is causing injury to the Arm & Hammer trademark of a sort that cannot be accurately measured or adequately compensated in money damages.

60. It is probable that plaintiff will succeed in proving that plaintiff's Arm & Hammer trademarks are being infringed by defendant Curtis' use of Arm in Arm.

61. Defendant Curtis' use of Arm in Arm in connection with its marketing of Baking Soda deodorant products is likely to dilute and diminish the distinctive quality of the Arm & Hammer trademarks long previously used and registered for the various personal care and household products specified in plaintiff's registrations in suit (Exhibits 1-18 to the Second Amended Complaint).

62. Plaintiff is suffering irreparable injury as a result of defendant Curtis' use of the trademark Arm in Arm.

63. The public has an interest in being protected against likelihood of confusion, mistake or deception, as well as the actual confusion, mistake and deception that is being caused by the use of the Arm in Arm trademark for Baking Soda personal deodorants.

### *The Balancing of Equities*

64. Plaintiff is the prior user of the Arm & Hammer trademarks, antedating defendant Curtis' adoption of Arm in Arm by more than a century (Findings 7, 26 above).

65. Defendant Curtis has only begun its use of the infringing trademark Arm in Arm in nationwide retail sale of its Baking Soda deodorants during the pendency of this lawsuit (Findings 28, 30 above). Since plaintiff's initial protest on May 8, 1975, defendant Curtis has made all of its expenditures in connection with the advertising, promotion, distribution and sale of Arm in Arm deodorant products both with knowledge of plaintiff's objections thereto (Findings 26-28, 30, 52 above) and with knowledge of the confusion involving Arm in Arm and Arm & Hammer that Arm in Arm is causing (Findings 24-25, 31, 42-47 above).

66. Defendant Curtis will not be foreclosed by a preliminary injunction from competing with plaintiff's Arm & Hammer Baking Soda personal deodorants. Rather, Curtis will be able to compete with plaintiff through advertising, promotion and sale of its Baking Soda personal deodorants under non-deceptive trademarks.

67. Curtis purposefully chose a confusingly similar and infringing trademark for the reason that Arm in Arm readily produces in consumers' minds the image of Arm & Hammer Baking Soda (Findings 21-22 above). Therefore, Curtis acted at its peril.

68. Defendant Curtis' continuation and expansion of its Arm in Arm marketing activities (Findings 28-30, 32-36 above), despite the evidence of confusion involving Arm in Arm and Arm & Hammer recorded in Curtis' own marketing research data (Findings 22-25, 31, 42-47 above), make clear that Curtis intended to derive benefit from confusion caused by Arm in Arm and to take advantage of goodwill previously established by plaintiff for its Arm & Hammer products.

69. The balance of the equities rests with plaintiff.

On the basis of the foregoing findings, the court reaches the following:

### *Conclusions of Law*

1. The court has jurisdiction over the parties and the subject matter of this action.

2. Upon a trial of the merits, it appears probable that plaintiff can prove that:

(a) Plaintiff owns the rights at common law and under the Federal Trademark Act to the Arm & Hammer trademarks for Baking Soda, for Baking Soda personal deodorants and for the various personal care and household products specified in the U. S. trademark registrations in suit (Exhibits 1-19 to the Second Amended Complaint); and plaintiff owns the goodwill associated with the use of and symbolized by the Arm & Hammer marks;

(b) Plaintiff's federal registrations of the Arm & Hammer marks in suit, U. S. registration Nos. 47,947; 106,214; 106,215; 106,216; 285,619; 258,620; 501,904; 501,905; 502,070; 502,261; 502,262; 502,263; 503,377; 740,803; 740,804; 930,158; 930,654; 1,021,831; 1,021,832, are valid;

(c) Defendant Curtis, in selling, offering for sale, distributing and advertising personal deodorants under the trademark Arm in Arm, as above described, infringed plaintiff's common law rights in the Arm & Hammer trademarks and also infringed plaintiff's federal registrations therefor;

(d) By its use of the Arm in Arm trademark and its conduct described above, defendant Curtis competed unfairly with plaintiff;

(e) In using the trademark Arm in Arm for its Baking Soda deodorant products defendant Curtis caused injury to plaintiff's business reputation by diluting and diminishing the distinctive quality of the Arm & Hammer trademarks previously

used and registered by plaintiff for the various personal care and household products specified in the U. S. trademark registrations in suit (Exhibits 1-19 to Second Amended Complaint);

(f) It was unfair competition and an aggravation of the trademark infringement described above for defendant Curtis to use for the packaging of its Arm in Arm Baking Soda products the color combination (with yellow background) which simulates the distinctive yellow and red color combination used for the trade dress of plaintiff's Arm & Hammer Baking Soda.

3. The defense of laches affords no justification for defendant Curtis' continuing deceptive business conduct.

4. None of the evidence before the court shows that confusion involving Arm in Arm and Arm & Hammer has been caused or is likely to be caused by any monopolization or attempted monopolization by plaintiff of Baking Soda or products containing Baking Soda.

5. The present action is a good faith effort to protect plaintiff's rights in the Arm & Hammer trademarks and to prevent confusion, mistake and deception of consumers as to the source of Arm in Arm With Baking Soda deodorants.

6. In view of the irreparable injury that will be suffered by plaintiff if defendant's trademark infringement and unfair competition are not immediately enjoined, the lack of dispute as to the basic facts, and the showing of the probable right of both plaintiff and the public under the law to relief against continuation of defendant Curtis' misleading, confusing and deceptive acts, injunctive relief *pendente lite* should be granted.

Enter:

/s/ Frank J. McGarr  
United States District Judge

Dated: January 18, 1977

## CONSTITUTION OF THE UNITED STATES.

### Fifth Amendment.

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offence to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

## CONSTITUTION OF THE UNITED STATES.

### Seventh Amendment.

In suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

SHERMAN ACT  
15 U. S. C. §§ 1 et seq.

**§ 1. Restraint of trade; resale price maintenance; penalty.**

Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal. Every person who shall make any contract or engage in any combination or conspiracy hereby declared to be illegal shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or, if any other person, one hundred thousand dollars, or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court.

(As amended Dec. 12, 1975, P. L. 94-145, § 2, 89 Stat. 801.)

**§ 2. Monopolization; penalty.**

Every person who shall monopolize, or attempt to monopolize, or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several States, or with foreign nations, shall be deemed guilty of a felony, and, on conviction thereof, shall be punished by fine not exceeding one million dollars if a corporation, or, if any other person, one hundred thousand dollars, or by imprisonment not exceeding three years, or by both said punishments, in the discretion of the court.

(July 2, 1890, c. 647, § 2, 26 Stat. 209; July 7, 1955, c. 281, 69 Stat. 282; Dec. 21, 1974, P. L. 93-528, § 3, 88 Stat. 1708.)

EXCERPTS FROM TRANSCRIPTS OF DEPOSITIONS

Excerpts from Deposition of LEWIS G. ABNEY.

- [36] Q. Was any product available at this time?
- A. Product was available.
- Q. In what form?
- A. Finished product litho cans.
- Q. Did you supply these people with cans?

A. Not with cans, with litho cans.

Q. When were those cans first available?

A. They were available on June 27th, if I recall, because that was the date of our first presentation, our first sales presentation to our brokers.

Q. Had any cans been sold prior to that time?

A. Yes.

Q. To whom?

A. To a gentleman in New Jersey. I am not sure whether it is central or Southern New Jersey.

Q. Who was he and when were those cans sold to him?

A. He was an acquaintance of mine who was aware of the fact that we were developing a baking soda deodorant called Arm & Hammer Dry Deodorant, and who expressed an interest in trying the product.

[37] Q. What was his name?

A. Herbert Grevious.

Q. When was the product sold to him?

A. I believe it was some time in June, I am not sure, early June.

Q. That was the first sale of the product, as far as you know?

A. First sale of the product.

[85] Q. All right, we will see if we can come across that fairly soon.

Continuing with that paragraph in Exhibit 9, the trademark application, it goes on:

"The trademark was first used in connection with an interstate sale of the goods to a member of the purchasing public on June 12, 1975."

Do you know what that would refer to?

A. I would think that that was the sale of the product to Mr. Grevious. If my memory serves me correctly, it was about that time that the sale was made.

Q. What is Mr. Grevious' business?

A. Mr. Grevious is employed by Supermarkets General, Incorporated, located in—I am not sure—somewhere around New Brunswick, New Jersey, and Supermarkets General, among other things, are in the [86] retail grocery business. They operate the Pathmark Food Stores, which is a very important food operation in the metro New York area, and he is involved in—I am not sure exactly what his title is or what his functions are, but they include at this particular point setting up several different types of test outlets for Pathmark stores testing techniques to possibly be used on a broad scale basis by the entire chain.

Q. You mean trying out products to see if they were going to go?

A. Testing new retailing concepts.

Q. First of all, did Mr. Grevious buy your material?

A. Yes, he did.

Q. Do you know what quantity he purchased?

A. I think it is one unit.

Q. One can?

A. One can.

[114] Q. Do you know of any manufacturer other than Church & Dwight that sells baking soda to the consumer, Mr. Abney?

A. No.

[120] Q. How did that information regarding the Helene Curtis product first come to your attention?

A. It was picked up by one of our employees in our Syracuse plant.

Q. In Rochester?

A. Who happened to be in Rochester that particular weekend.

Q. Early in May?

A. The first weekend in May. I think it was brought to my attention somewhere around May 5th.

[256] Q. Mr. Abney, what are the products with which [257] the Kelly, Nason advertising agency deals for Church & Dwight?

A. Arm & Hammer baking soda, Arm & Hammer oven cleaner, Arm & Hammer laundry detergent.

Those are the three that come to mind. There may be other additional minor products that are not advertised—Arm & Hammer borax.

Q. Is that still sold?

A. As far as I know, it is.

Q. Are there any other products in that category?

A. And some new product responsibilities.

Q. What general category, without mentioning the specific nature of the new products, would they fall in?

Mr. R. Berry: If you know.

A. I really don't know.

Q. With what types of products, or what specific products has Lois Holland Callaway dealt for Church & Dwight?

A. Established brands, Arm & Hammer baking soda deodorant.

Q. What does established brands mean?

A. Products that currently are on the market, currently being advertised.

[258] Q. The answer so far covers the deodorant?

A. The deodorant, and Arm & Hammer washing soda.

Q. How long has Lois Holland Callaway dealt with the deodorant?

A. Before I joined Church & Dwight.

Q. And that is before October 1974; is that right?

A. That's right.

[271] Q. In your experience with advertising agencies, have you observed if any agency can't be said to specialize in certain lines of goods, that they at least have given greater emphasis to certain lines of goods than others?

A. I think that is a fair statement.

[272] Q. Is the Kelly, Nason advertising agency one of those that is known to give more emphasis to a particular line of goods than another?

A. I am not familiar with the other clients that they handle.

Q. For the record, Mr. Abney, would you look at page 446 of Defendant's Exhibit 58, where there is a listing headed "Kelly, Nason Accounts," and tell me whether you are familiar with those companies that are listed there?

Mr. R. Berry: What do you mean by familiar with?

Q. Do you know all those companies?

A. I heard of most of them.

Q. In looking over that list, I have counted some eight of those clients of Kelly, Nason that are in the field of food processing or packaged foods, and some seven of those companies that appear to deal in non-food areas. Is that the way you read the list?

Mr. R. Berry: Perhaps, if you could identify which ones you have in mind, he may be able to answer that question. There is a company, the Moroccan National Tourist Office, and World of Beauty listed. Could you be more specific?

[273] Q. Are the following companies listed there companies that deal in food processing or in packaged foods?

Beatrice Foods?

A. I think so. I am not familiar with them, just from the standpoint of having knowledge that the company exists. I am not familiar with their product line.

Q. Curtic-Burns, Inc.?

A. I am not familiar with them either.

Q. But they are listed as being in food processing?

A. Right.

Q. Food Fair Stores?

A. I am familiar with Food Fair Stores.

Q. They are a company that deals in packaged foods among other things?

A. As far as I know, they deal in marketing foods from the retail standpoint.

Q. General Foods is in the food processing business; is that right?

A. Yes, sir.

Q. Hollywood Brands, Division of Consolidated Foods Corp. deals in food; is that right?

A. As far as I know, Hollywood Brands manufactures [274] and sells candy products. Hollywood Brands Division, I am not familiar with.

Q. Mogen David Meat Products Company deals with meat products?

A. I don't know. I assume they do.

Q. Oceanspray Cranberries deals in food products; is that right?

A. Yes.

Q. Stroehmann Brothers Co. deals in food products; is that right?

A. I am not familiar with them.

Q. But they are shown as dealing specially in breads and sweet goods here?

A. Yes.

Q. A wide variety of goods, and especially breads and sweet goods is their listing; is that right?

A. Yes.

Q. Do any of those that I have not called your attention to, to your knowledge, deal with food processing or packaged foods of one kind or another?

A. To my knowledge, no, sir.

Mr. R. Berry: Again, can you identify the ones that you relate to, toiletries and non-food products?

[275] Mr. Clement: I take it from his answer that he would agree that the rest of them, the other seven in the list, fall in that category. We can count them.

Q. The seven others, was Church & Dwight included? Was Church & Dwight included in the count of seven others?

A. Which do not deal in food items.

Q. Processed foods or packaged foods, yes. You agree with that count?

A. I didn't count them.

Mr. Clement: Mr. Berry?

Mr. R. Berry: I didn't count them either.

Q. Now, as to Lois Holland Callaway, is that advertising agency known as one which gives more emphasis to a particular line of goods than others?

A. Not to my knowledge.

Q. Do you know if it is known as an advertising agency that has, in fact, diversified clientele in various fields of business?

A. To my knowledge, I would say that is true.

Q. I call your attention to the list of accounts of Lois Holland Callaway on page 508, and I ask whether you see any companies in that list that are engaged in [276] food processing or dealing in packaged foods as their line of business? That is the Lois Holland Callaway list.

A. Not that I am aware of.

[289] Q. Now, we spoke of seven products, I think, that are sold under the Arm & Hammer trademark presently. They were the six that Dr. Weinberg listed, and then you added Borax to that list; is that right?

A. Yes. Was it six that he mentioned or five?

Q. I beg your pardon. He mentioned five, and you added the sixth, yes.

When was a disinfectant for household use sold under the trademark Arm & Hammer?

A. Prior to my joining Church & Dwight. I really don't know the exact time.

Q. That was sold prior to your joining and discontinued prior to your joining; is that right?

A. Yes.

[337] Q. Whenever the precise time was that the decision was made to call the new deodorant "The Baking Soda Deodorant," it was before you learned the market testing of the Helene Curtis baking soda deodorant; is that right?

A. Yes, sir.

Q. At the time you decided to adopt the name "The Baking Soda Deodorant," so far as you knew, your product was, in fact, the only baking soda deodorant; is that right?

A. As far as we knew.

Q. And that is why you felt it was appropriate to call it "The Baking Soda Deodorant"?

A. I don't know if that was the reason we felt it was appropriate, but we did call it "The Baking Soda Deodorant."

Q. Why were you not content to simply call it "A Baking Soda Deodorant"?

[338] A. "A" suggests more than one, I guess. I don't know.

Q. So you call it "The." So far as you knew, you were the only baking soda deodorant; is that right?

A. That may have been part of the reason.

Q. What was another part of the reason?

A. I can't remember at this point the specific details that went into the decision to call it "The Baking Soda Deodorant."

Q. When you learned that Helene Curtis had a baking soda deodorant on the market, and that they had market tested it before you came on the market with your product, did you give consideration to changing the characterization, "The Baking Soda Deodorant"?

A. No.

Q. Did anyone else at Church & Dwight give consideration to that?

A. Not to my knowledge.

[459] Q. Apparently I misunderstood you, in what you mean by that.

Can you explain it a little bit further?

A. I think my concern upon joining Church & Dwight was utilizing the Arm & Hammer name.

Q. By "concern," you mean your objective in your work?

A. Yes, sir. I had to resolve in my mind that it was the right thing to do.

Q. For this specific product?

A. Or any product for that matter. I was familiar with the name. I didn't know what the name meant to consumers.

Q. You didn't expect that Church & Dwight was going to drop the name Arm & Hammer for baking soda, I take it?

A. No, I would never suggest that.

Q. But you did consider in your own mind whether or not it was wise to call the new baking soda deodorant an Arm & Hammer product, is that [460] correct?

A. Yes.

Q. Did you have discussions along that line with other people at Church & Dwight?

A. Yes, sir.

\* \* \* \* \*

Excerpts from Deposition of REYNALD SWIFT

\* \* \* \* \*

[6] Q. What products does Church & Dwight sell at this time?

A. Arm & Hammer Baking Soda, Arm & Hammer Washing Soda, Arm & Hammer Deodorant, and Arm & Hammer Oven Cleaner, and Arm & Hammer Laundry Detergent.

\* \* \* \* \*

[33] Q. Will you tell me what this national sales meeting is that is referred to in that Exhibit 3, [34] Mr. Swift?

A. This is the agenda for the Arm & Hammer Baking Soda Deodorant section of the national sales meeting.

Q. Where was that meeting held?

A. Connecticut.

Q. In June of 1975?

A. Yes.

\* \* \* \* \*

[53] Q. Did Lew Abney take it from there in 1974 in connection with the development of the product from that point on?

A. Yes, I think Lew came with us in October 1974, specifically hired to introduce deodorant.

\* \* \* \* \*

[59] A. I don't believe so, just the knowledge that Helene Curtis had introduced or someone had seen Arm in Arm with Baking Soda Deodorant in the market.

Q. When did you first see a can of it?

A. If I found out on the 5th, probably no later than the 7th or 8th of May.

Q. How does that date of the 5th of May—and I presume we are talking about May, 1975?

A. Yes.

Q. How does that stick in your mind?

A. Because we are a company taking a product to market, which was a product called Arm & Hammer Baking Soda Deodorant, and all of a sudden we hear there is another product on the market called Arm in Arm with Baking Soda Deodorant. That is sort of a shocking piece of information to get as a company official.

Q. They were on the market before you—is that what you are saying—and you were shocked? Is that what you are saying?

A. Yes.

\* \* \* \* \*

[72] Q. Wasn't the personal deodorant the first product that was actually specifically sold for personal use?

A. Yes.

\* \* \* \* \*

[73] Q. Do you recall what Mr. Abney had to say at that June 1975 sales meeting with regard to the importance of AHPD to Church & Dwight as shown under II of that agenda?

A. Well, he was referring to—I believe once again, he would be obviously the source to get the clearest understanding of what he was saying at the time—

Q. I realize that, but I would just like your recollection of what was discussed at that meeting, Mr. Swift.

A. We discussed that this was the first truly toiletry item that we as a company were engaged in selling, and to that effect it marked the opening of a new category for us, not just deodorant but the whole—

Q. Toiletries line?

A. Toiletries, and, as you know, were [74] sitting on a toothpaste that was manufactured.

Q. That is the one that died, that you spoke of this morning?

A. Yes, and we had, for all intents and purposes, testing market, and it was just a business giving-out, if the deodorant were successful, it would give the next steps we took in the toiletries category that much greater chance for success.

[16] And what about the personal deodorant? That is the distinction I am trying to draw, the difference in the way you sell the deodorant as against the baking soda per se.

A. Consumers buy—A. C. Nielsen or what-have-you has precise numbers, but I believe the deodorant category breaks down to where 50 per cent of the volume goes through food stores, 35 per cent go through drugstores and about 15 per cent go through these mass merchandisers of which I speak.

Q. So there is a shift in how the deodorant is distributed as against the baking soda itself?

A. Oh, sure. Any product would have a different break in any category. It has different breakdowns of how they are sold through supermarkets, drugstores, mass merchandisers.

Q. Would the same brokers sell to, let us say, the drugstores as those that sell to the food stores or supermarkets?

A. Yes and no.

Q. Would you amplify that, please?

A. Yes, I will. Baking soda had been sold completely by food reps, let us call them, or food [77] brokers. They had been also selling baking soda to the drugstores as well.

Q. Albeit a small amount?

A. Albeit a small amount. It probably is somewhere between 10 and 12 percent.

Q. I thought you said 5.

A. 5 to 10 per cent. Correct me if I am wrong. But they have traditionally handled all classes of trade. In late 1974 or early 1975, we hired drug reps. The difference between a food rep and a drug rep is that the food rep concentrates primarily on food, though also sell drugs, and the drug rep concentrates primarily on drugs but also sells food.

And late in 1974, knowing that we had a lot of toiletry products in the works, deodorant, toothpaste, being two of them, we started setting up a national drug rep organization.

Q. Is a rep the same as a broker, as you use the terms?

A. Yes, interchangeable. They get remunerated the same 5 per cent for 4 per cent or 3, whatever you can negotiate with them. But we started, as I say, it was either late 1974 or early [78] 1975, and we started hiring drug reps to sell baking soda to the drugstores.

Q. Heretofore you never had that?

A. Heretofore we never had them because we were picking up or selling the drug trade through food brokers, but their strength is not against the drugstores, and our objective quite frankly was knowing we had these toiletry items coming along, our objective was to be in a position to have a national drug rep or drug broker organization by the time we were taking these products in to test market, which was at that time scheduled to be around the middle of 1975. So they had been on board end of 1974, early 1975, selling baking soda.

Q. You were lining them up?

A. Lining them up, giving them baking soda, letting them get to know our company, start trying to understand them and

they us, and also paying them because they were selling baking soda.

Q. So in effect you had a brand new sales force for the toiletries product?

A. With the exception of on the West Coast our region manager out there, Dix Miller, recommended that we stick with our food brokers, and that is what [79] we did so that when we took the deodorant to market, we had a food broker network handling that percentage of the country: I think there were six brokers involved.

Q. That was on the West Coast?

A. Right.

Q. But you had a brand new sales organization other than on the West Coast to handle the deodorant product?

A. Three or four months old.

Q. And I take it that is because of the different nature of the product, the deodorant versus—

A. It is not the product so much as the people you call on.

Q. But it is sold in a different way because it is a different product. That is all I am trying to ascertain. Is that a correct statement?

A. Oh, yes.

[87] Q. Let me interrupt you at this point, Mr. Swift. Who was the package designer in connection with the product?

A. A gentleman by the name of Ed Kozlowski. I hired Ed before Lew even got to Church & Dwight. I think he had the assignment to design the Arm & Hammer Deodorant package before July of 1974.

Q. That was his first job?

A. First job for Church & Dwight.

Q. And his first assignment to design the deodorant package?

A. Right, and if I can think of some of the objectives, we wanted to retain the family tradition. We wanted to use the Arm & Hammer logo.

Q. What do you mean when you say the Arm & Hammer logo?

A. The red circle with the arm in it.

Q. And the hammer?

[88] A. Yes, holding the hammer, and the words Arm & Hammer in the red circle. One of the things we wanted to look at was using the same color on our package as we have on the baking soda to maintain that family tradition and to capitalize on some of the benefits that are inherent in the Arm & Hammer package itself.

Q. You call that buff. Isn't it yellow?

A. No, it is more of a buff. If you put it next to something yellow, it is buff.

Mr. Berry: It depends on the eye of the beholder.

The Witness: We wanted it to be viewed as a cosmetic. We wanted it a rather personal product as opposed to an impersonal product.

Q. You mean the deodorant as against the baking soda product?

A. Yes, we wanted the feeling to be it is a cosmetic item, a toiletries product. . . .

[106] Q. When did you start national advertising?

A. I don't know the exact date. I will say November 10th.

[107] Q. 1975?

A. 1975, but that could be confirmed.

Q. Could it be around that time?

A. Yes.

[134] Q. You are referring to your product being the second product in the market, Helene Curtis being first?

A. If it were second.

Q. Helene Curtis was first, wasn't it?

A. Don't forget, this refers to a national expansion. All we knew at this time that Helene Curtis was only in test market.

Q. But they were marketed first ahead of yours?

A. In those markets, yes.

Q. You had not marketed any place at that time, had you, a deodorant?

A. No.

Q. The last two sentences in this paragraph under No. 1 states

"It will also be difficult to differentiate our brand in the mind of consumers—most people probably will assume that Arm in Arm is from Arm & Hammer (For example, we know that many Peak users think that Peak is made by Arm & Hammer)."

Were you aware that many Peak users thought that Peak was made by Arm & Hammer?

[135] A. Yes.

Q. Where did you get that information?

A. Well, Colgate, who make Peak, was already in selling Peak, first in test and then in retail distribution, and focus groups were held in those markets, and among both users of Peak and nonusers of Peak, and there was a great deal of confusion because of the product Peak being featured with baking soda, and a lot of people said it must be from Arm & Hammer.

Q. Who conducted those focus groups?

A. Those would have been conducted by Kelly Nason.

Q. Do you know when they were conducted?

A. No, because I was never responsible for toothpaste, but once again, that would be easy to find out.

Q. Are these tapes of those focus groups?

A. I would imagine they still exist.

[153] Q. Item 8 under those market assumptions states:

"There is universal awareness that Arm & Hammer makes baking soda and a positive image of Arm & Hammer as a company."

Is that the result of market studies that you made?

A. I would say that comes out of both the formal marketing research that we have discussed—for example, that attitude and usage study where we tried to quantify what people think about Arm & Hammer, what kind of image it connotes to them—and also the more informal way of getting input via focus groups.

Q. Did any of those studies ever reveal that any of these people in the focus groups or what-have-you thought that anybody other than Church & Dwight made baking soda?

A. The only time that—well, they don't [154] refer to Church & Dwight as the manufacturer of baking soda obviously. They refer to Arm & Hammer. If consumers were asked who makes baking soda, they would say Arm & Hammer, and if they were then further asked, "Do you know anyone else?" I am sure their answer would be "No, I don't."

Q. I think you mentioned Wyandotte and Diamond International. They don't sell any products to the consumer, do they?

A. No, I believe they are strictly industrial suppliers.

Q. So the sole supplier to the housewife or the farmer or who ever it may be who uses baking soda is Church & Dwight?

A. The housewife, yes. The farmer, no. He might have need for 100-pound bags.

[222] A. Right.

Q. At that time, in the early part up until the time of the lawsuit on May 16th, as I recall your testimony earlier, you had no product that was ready to be marketed at that time, did you?

Mr. Berry: I object to the question as being without foundation.

Q. You had no commercial product available early in May of 1975; isn't that right?

A. As I said, we did not have our warehouses full with product, no, but when you talk about in marketing having a product ready, it was about as ready as it could be to go to market.

Q. But you had not sold any yet?

A. As of—

Q. The date of the lawsuit, May 16, 1975.

A. No, I don't believe we had sold anything.

Excerpts from Deposition of MYRON S. WEINBERG.

[19] Q. Which of the products that are currently being sold under the Arm & Hammer trademark are made by Arm & Hammer?

A. Arm & Hammer Baking Soda, Arm & Hammer Laundry Detergent, Arm & Hammer Washing Soda. That is the list.

Q. And the products that are made and packed for you outside of your organization, what are those?

A. Arm & Hammer Deodorant, Arm & Hammer Oven Cleaner, that's it.

[21] A. Sodium bicarbonate has 200 applications in 14 key industries in the United States.

[51] Q. Have any of these products been marketed?

A. The deodorant.

Q. The other 140 products have not reached the market yet?

A. Yes, sir, one product reached the market, Arm & Hammer Baking Powder.

[79] Q. Is there any baking soda in the Arm & Hammer Oven Cleaner?

A. No, there is not.

Q. Is there a baking soda in the Arm & Hammer Laundry Detergent?

A. There is sodium bicarbonate in the Arm & Hammer Laundry Detergent.

Q. Which USP particle size do you use in the laundry detergent?

A. It is not a USP grade in the laundry detergent.

Q. Is that because it is between one of the grades of finer or coarser?

A. It is because the material was not intended for internal consumption and is used as is.

Q. When the borax was being marketed, was there [80] any baking soda included in with the borax?

Mr. Berry: I object to that question as I think perhaps it was inadvertent, but as it is expressed, it is without foundation because the Arm & Hammer Borax product is still being sold.

Mr. Ryan: It was without design, and I appreciate being corrected.

Q. Is there any baking soda included in the borax marketed by Church & Dwight?

A. No.

Q. It may be redundant, but is there any bicarbonate of soda included with the washing soda?

A. No.

[82] Q. One of the several uses that it refers to, production page P-10524, is used as a disinfectant. And I believe that there has been testimony to the effect that Church & Dwight at one time had a disinfectant. Are you familiar with that product?

Mr. Berry: Where is the reference?

A. The document refers to its inclusion in disinfectants, not its use as a disinfectant. Yes, I am familiar with the product.

Q. Was that developed, the disinfectant product, while you were at Foster D. Snell?

A. Yes, it was.

[83] Q. Was it one of the products that Foster D. Snell worked on, one of the 140 you mentioned?

A. Foster D. Snell did work on the project.

Q. Just for my information, could you give me a description of what that product actually was, as it is no longer in existence?

A. It was an aerosolized disinfectant deodorizer.

Q. Did it contain baking soda?

A. No, it did not.

\* \* \* \* \*

[136] Q. Doctor, do you know if any effort to promote baking soda as an underarm deodorant of the same magnitude as the promotion of it for use in pools went on in Church & Dwight after you joined Church & Dwight?

A. I know of no such effort.

Q. In view of its, it being baking soda's, long and apparently well known use for that purpose, do you know if there is any reason why they didn't just make a promotion of such a scale as the pool promotion for the baking soda directly?

A. In its current form the product, Arm & Hammer Baking Soda, is not convenient for use as an underarm deodorant.

Q. What causes the relative lack of convenience?

A. The difficulty in taking a handful of powder and throwing it into your armpit.

Q. Is there a common method of application to dust powder on the person of someone?

A. Mr. Ryan, you are going to have to translate "common", "method of application", "dust" and "someone". People do dust body powder on their body. [137] Very few people—and I have no personal knowledge other than what I have read of how people do things—very few people dust powder into the axilla since it requires that you stand on your head.

Q. Without standing on your head, is it possible to do this dusting by way of an applicator pad or cotton ball?

A. I would assume so with some powders.

Q. Would that method of application be considered at least by Church & Dwight an inconvenience so that a promotion would be—

A. That method of application is not applicable to Arm & Hammer Baking Soda, which as I indicated earlier, is No. 1 grade USP sodium bicarbonate.

Q. What is it about the No. 1 grade USP sodium bicarbonate that would make it inapplicable to such a method?

A. It is relatively crystalline and would not adhere to a puff or cotton ball or piece of cloth so that you could dip the cloth into a vessel, pick up baking soda, and then pat it on your armpit. The crystalline nature of baking soda prevents it adhering to cloth type surface.

Q. Is it possible to mill or prepare sodium [138] bicarbonate that it would adhere without the use of some carrier?

A. Not very well.

\* \* \* \* \*

[170] Q. Would you happen to know what the word Can Man there mean?

A. The company developed a test product which was test marketed, which was an aerosol orthodichlorobenzene derivative, which was intended to be sprayed on garbage cans for the purpose of deodorizing garbage cans and reducing flies and maggot development around garbage cans. The product was called Can Man.

Q. Was that the same disinfectant product that you mentioned in your testimony yesterday?

A. The only relationship between the two products is they were both in cans and both aerosols. They neither had the same formula, they were not generated as concepts at the same time, nor did they have any appropriate parallel uses.

\* \* \* \* \*

#### Excerpts from Deposition of JAN ZWIREN

\* \* \* \* \*

[136] I remember that Dennis French and Tom Shortlidge were in favor of the name "Fundamental" because they had created it. I remember stating to them that the brand name, whichever was chosen, should not live and die on the initial

EXCERPT FROM ABNEY  
DEPOSITION EXHIBIT 66

[Letterhead of Behavioral Analysis, Inc./79 North Broadway/  
White Plains, New York, 10603/Area Code 914-428-4310  
Marketing Research]

November 21, 1974

Mr. Lew Abney  
Church & Dwight Co., Inc.  
Two Pennsylvania Plaza  
New York, New York 10001

Dear Lew:

Following our discussion, let me quickly put into writing a proposal for the name test.

At issue is the question of Arm & Hammer's transferability to underarm products or any personal care products for that matter. So far, our product line has consisted of non-personal care products. Baking Soda, to be sure, has minor use in tooth-brushing, indigestion relief and bathing. By and large, however, our products have not been in the personal care area.

It may be that the basic Arm & Hammer virtues of purity, safety and reliability will transfer to Deodorant. It is equally possible, however, that what will transfer is oven cleaning, de-

IN THE  
**Supreme Court of the United States**  
October Term, 1977

Supreme Court, U. S.  
**FILED**  
JAN 13 1978  
MICHAEL RODAK, JR., CLERK

**No. 77-935**

HELENE CURTIS INDUSTRIES, INC.,  
*Petitioner,*

*vs.*

CHURCH & DWIGHT CO., INC., and  
ALLIED CHEMICAL CORPORATION,  
*Respondents.*

CHURCH & DWIGHT CO., INC.,  
*Respondent,*

*vs.*

HELENE CURTIS INDUSTRIES, INC., and  
N. W. AYER & SON, INCORPORATED,  
*Petitioners.*

(Consolidated Causes)

**BRIEF OF RESPONDENT CHURCH & DWIGHT  
CO., INC. IN OPPOSITION TO PETITION  
FOR WRIT OF CERTIORARI**

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IN THE

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(Consolidated Causes)

**BRIEF OF RESPONDENT CHURCH & DWIGHT  
CO., INC. IN OPPOSITION TO PETITION  
FOR WRIT OF CERTIORARI**

The petition presents no special or important reason the writ should be granted. There is no conflict between

the decisions of any Courts of Appeals. There is no Federal question which has been decided in a way in conflict with any decision of this Court. And there has been no departure from the accepted and usual course of judicial proceedings. This is a straightforward trademark infringement suit in which the District Court and the unanimous Court of Appeals for the Seventh Circuit concurred in finding that petitioner Curtis willfully adopted, used and expanded its ARM IN ARM With Baking Soda mark in order "to derive benefit from confusion caused by ARM IN ARM to take advantage of goodwill previously established by plaintiff for its Arm & Hammer product", and concurred in holding that temporary injunctive relief against the infringing mark is needed to prevent deception of consumers and irreparable injury to respondent. The Court of Appeals rightly decided that the award of temporary injunctive relief is warranted by "ample evidence", and is a proper exercise of the District Court's discretion. There is no sound reason this Court should grant the writ.

### Opinions Below

The February 25, 1976 opinion of the District Court for the Western District of New York granting respondent Church & Dwight's Rule 42(b) motion for separate trial of the trademark infringement and unfair competition issues is not reported (Pet.App. 98). The April 15, 1976 opinion of the Western New York District Court denying rehearing and refusing to certify for appeal the question of the propriety of the Court's Order for separate trial is not reported and is not included in petitioner's appendix (it is reproduced in respondent's appendix, *infra*, p. 1a).

The *per curiam* opinion of the Court of Appeals for the Second Circuit dismissing Curtis' petition for a writ of mandamus to review the propriety of the trial court's Rule 42(b) Order is not reported and is not included in petitioner's appendix (it is reproduced in respondent's appendix, *infra*, p. 2a). The December 13, 1976 dismissal under this Court's Rule 60 of Curtis' earlier petition for writ of certiorari to review the Second Circuit Court of Appeals' refusal to disturb the trial Court's Rule 42(b) Order is reported at 429 U.S. 1011, 97 S.Ct. 655, and is not included in petitioner's appendix (it is reproduced in respondent's appendix, *infra*, p. 3a).

The January 18, 1977 Opinion, Findings of Fact and Conclusions of Law of the Northern Illinois District Court (McGarr, J.) granting respondent Church & Dwight *pendente lite* injunctive relief against Curtis' acts of trademark infringement and unfair competition, are reported in part (omitting all of Findings 7-69 on the trademark issues) at 1977-1 Trade Cases ¶61,278 and are reproduced in full text at Pet.App. 104-122. The Illinois District Court's January 24, 1977 preliminary injunction Order is not reported (Pet.App. 103). The August 17, 1977 affirming opinion of the Court of Appeals for the Seventh Circuit is reported at 560 F.2d 1325 (Pet.App. 1-19). The Court's October 11, 1977 Order amending the August 17, 1977 opinion is not reported and is not included in petitioner's appendix (it is reproduced in respondent's appendix, *infra*, p. 4a).

### Statement

Petitioner Curtis' statement of the case is incomplete, inaccurate and conspicuously silent as to the concurrent findings of fact of the District Court and the unanimous Court of Appeals, based on abundant proofs in Curtis' own records, which establish that:

(1) "'Curtis purposefully chose a confusingly similar and infringing trademark for the reason that Arm in Arm readily produces in consumers' minds the image of Arm & Hammer Baking Soda'." (CA Opinion, Pet.App. 7; F/F 22, 67, Pet.App. 108, 120);

(2) Curtis' choice of ARM IN ARM has caused widespread, actual public confusion involving ARM IN ARM with Baking Soda products and ARM & HAMMER Baking Soda products (CA Opinion, Pet.App. 6-7; F/F 41-47; Pet.App. 113-116), *e.g.*, Curtis' own records of its marketing research tests of three ARM IN ARM TV commercials, conducted during the pendency of this lawsuit, show that "290 out of 998 consumers interviewed who saw the commercials thought Arm in Arm was made by Arm & Hammer while only 276 believed it was made by Curtis (Finding 46)." (CA Opinion, Pet.App. 6; F/F 46, Pet.App. 115); and

(3) "Curtis' continuation and expansion of its Arm in Arm marketing activities, in spite of evidence of confusion revealed by its own research, made clear that 'Curtis intended to derive benefit from confusion caused by Arm in Arm to take advantage of goodwill previously established by plaintiff for its Arm & Hammer products'. (Finding 68.)" (CA Opinion, Pet.App. 7; F/F 68, Pet.App. 120).

After carefully assessing "each of the factors to be weighed in determining the propriety of the injunction" and finding "ample evidence" to warrant temporary injunctive relief, the Court of Appeals endorsed the District Court's determination that such relief is needed in order to prevent irreparable injury to respondent and to safeguard the "paramount" interests of the consuming public in being protected against confusion, mistake and deception (CA Opinion, Pet.App. 4-12; F/F 56-63, Pet.App. 118-119).

It is in the context of the foregoing affirmed findings as to the "multiple examples of actual public confusion" (CA Opinion, Pet.App. 6) being caused by "Curtis' willful use of an infringing trademark" (CA Opinion, Pet.App. 11)—facts which the petition totally ignores—that the Court of Appeals likewise approved the District Court's ruling that the antitrust defenses and counterclaims as pleaded by petitioner are not of "sufficient merit or relevance" to bar entry of needed preliminary injunctive relief (CA Opinion, Pet.App. 19 n.14). Against that background the Court of Appeals noted first that "Curtis' antitrust claims are remote and ill-founded" (CA Opinion, Pet.App. 7-8) and later that:

"[T]he allegations of its affirmative defense concern marketing violations involving the baking soda market, rather than misuse of the Arm & Hammer trademark itself. The district court considered the antitrust counterclaim and concluded that the plaintiff had made a case for a preliminary injunction 'independently of the antitrust counterclaim, and despite it.'" (footnotes omitted) (CA Opinion, Pet.App. 18-19)

Amplifying this point, the Court of Appeals quoted with approval the District Judge's observation that "Curtis

'could market a baking soda deodorant, advertise the baking soda aspect of it all they want, as long as they eliminate the problem that arises basically from the use of the word "Arm" ' ' ' (CA Opinion, Pet.App. 18, n.13).

The District Court's Finding 66 likewise makes clear that the preliminary injunction imposes no restriction whatsoever on Curtis' marketing any baking soda product under a non-deceptive brand name:

"Defendant Curtis will not be foreclosed by a preliminary injunction from competing with plaintiff's Arm & Hammer Baking Soda personal deodorants. Rather, Curtis will be able to compete with plaintiff through advertising, promotion and sale of its Baking Soda personal deodorants under non-deceptive trademarks." (F/F 66, Pet.App. 120)

In that total context the unanimous Court of Appeals agreed with the District Court's determination that the antitrust arguments renewed in Curtis' present petition are too "remote and unrelated" to the issues of trademark infringement and unfair competition to bar the temporary injunctive relief which the affirmed findings of fact have established to be urgently needed:

"In light of the limited applicability and viability of antitrust defenses to trademark infringement claims and in light of the questionable legal sufficiency of Curtis' allegations of antitrust violations, we find the antitrust defense to be remote and unrelated to the issues on this appeal." (CA Opinion, Pet.App. 19)

Although all of the asserted grounds for the petition revolve around Curtis' "antitrust issues", the petition fails to mention that all of its antitrust theories and its conten-

tions concerning the Rule 42(b) Order have been repeatedly raised without success before the trial and appellate courts in the Second Circuit, as well as the trial and appellate courts in the Seventh Circuit.

Prior to transfer of the case from New York to Illinois, Curtis sought certification, petitioned the Court of Appeals for the Second Circuit for a writ of mandamus, and sought a writ of certiorari from this Court in respect of the same unappealable, discretionary Rule 42(b) Order that is again challenged in its present petition. The arguments were renewed without success before the Illinois District Court after transfer, and they were once again advanced by Curtis and rejected by the Seventh Circuit Court of Appeals' decision which is the subject of its present petition.

Curtis has failed to persuade any of the eight judges of the four trial and appellate courts that have passed on its antitrust theories, either that its antitrust defense has any substance or that the trial court's routine administration of Rule 42(b) to order separate trial of the trademark issues in advance of the "antitrust issues" was an abuse of discretion.

### Questions Presented

One reading Curtis' petition would hardly know that this is a trademark infringement action in which the District Court and the Court of Appeals have in the strongest of terms condemned Curtis as a purposeful infringer. The petition nowhere challenges the affirmed findings of fact (1) that Curtis adopted, used and expanded its ARM IN ARM With Baking Soda mark with the deliberate purpose of

trading on the reputation of Church & Dwight's "famous" ARM & HAMMER mark, (2) that actual public confusion involving ARM IN ARM and ARM & HAMMER is widespread among both consumers and the trade, and (3) that as a consequence Church & Dwight is suffering irreparable injury and the consuming public is being deceived.

Since Curtis has no grounds upon which to attack directly either the facts or the law supporting the affirmed injunctive order, it is relegated to collateral grounds—the supposed abuse of discretion and error in the four trial and appellate courts' rulings on the antitrust issues which are challenged in its "Questions Presented". Whatever the decision on the collateral questions, there remains an imperative need for preliminary injunctive relief to maintain the *status quo ante* and protect the consuming public on the unchallenged grounds that support the grant of such injunctive relief.

## ARGUMENT

### Questions 1-4 and 6

Questions 1-4 and 6 of Curtis' "Questions Presented" all involve its so-called antitrust defense in one form or another. In spite of its rhetorical variations on this theme, Curtis' petition claims no more than that its introduction and perpetuation of an antitrust bogey man in the case insulates it from interim injunctive relief to which Church & Dwight otherwise would be entitled.

Thus, Question 1 in Curtis' petition claims that the unanimous Court of Appeals for the Seventh Circuit and the Northern Illinois District Court erred in granting preliminary injunctive relief against Curtis' continued acts of deliberate trademark infringement because Curtis allegedly

pleaded and submitted supposed evidence that Church & Dwight has used its ARM & HAMMER trademark in violation of the antitrust laws.

This question presents no reason the writ should be granted. Indeed, the notion that one's merely pleading a defense and submitting supposed evidence without more precludes preliminary injunctive relief would not only read Rule 65(a) out of the Federal Rules of Civil Procedure, it would also strip district courts of the discretion that this Court has mandated that they exercise in preliminary injunction cases. *See, e.g., Doran v. Salem Inn, Inc.*, 422 U.S. 922 (1975). And Curtis' suggestion (Pet. 24) that a court must enter separate findings as to each defense that is raised, no matter how trivial or insubstantial, is utterly without support.\*

\* Curtis also plays fast and loose in its characterization of the "evidence" that purportedly supports its antitrust defense. For example, with respect to Church & Dwight's actions concerning Colgate's Peak toothpaste which contains baking soda (Pet. 21, n.13; 23-24), the uncontroverted record evidence shows that Church & Dwight protested Colgate's use of a semi-circular design which simulated the circular logo of the ARM & HAMMER design mark. Colgate acquiesced and eliminated the confusingly similar feature, thereby ending the matter. No further protest was made, and Colgate has subsequently continued to sell Peak toothpaste with baking soda in a non-confusing package (*infra*, pp. 23a-27a). Moreover, the suggestion of impropriety in relation to Church & Dwight's response to Johnson & Johnson's competitive Shower to Shower baking soda deodorant (Pet. 21, n.13, 23-24) must fail in the face of evidence that Curtis itself contemplated a similar competitive response (*infra*, pp. 32a-34a).

So too Curtis' charge that Church & Dwight's ARM & HAMMER personal deodorant product was prompted by its own ARM IN ARM with baking soda deodorant is wholly at variance with the undisputed evidence that Church & Dwight had been at work on its baking soda-containing personal deodorant since 1973, well prior to the introduction of Curtis' product in 1975 (F/F 16, 26, Pet.App. 107, 110).

Curtis' complaints (Pet. 4, 9, 24) concerning the alleged delay in bringing on the preliminary injunction motion conveniently ignore the Court of Appeals' affirmation of the District Court's findings and conclusions that Church & Dwight has not been guilty of laches (CA Opinion, Pet.App. 12-14; F/F 51-63, C/L 3, Pet.App. 117-119, 122).

One fundamental flaw in Curtis' defense is that its anti-trust allegations on their face are remote and unrelated to the infringement that has occurred. Curtis bottoms its claims on alleged monopoly in the consumer baking soda market, asserting illegal "marketing practices and pricing practices", and assuming without more that the single product, baking soda, is a relevant market (Complaint ¶11 in Civil Action No. 76 C 2235, *infra*, p. 13a).<sup>\*</sup> Such antitrust allegations are plainly insufficient to bar recovery for trademark infringement, as is made clear by the pertinent authorities. Thus, in *Carl Zeiss Stiftung v. V.E.B. Carl Zeiss, Jena*, 298 F. Supp. 1309, 1311-12 (S.D.N.Y. 1969), *aff'd as modified*, 433 F. 2d 686 (2 Cir. 1970), *cert. denied*, 403 U.S. 905 (1971), the Court found the alleged antitrust activities (price maintenance, resale restrictions, tying, price discrimination, and the like) to be remote from the trademark infringement claim, and accordingly held that the defense had not been established. The similarity between *Zeiss* and this case could not be clearer.

The decision in *Coca-Cola Company v. Howard Johnson Company*, 386 F. Supp. 330 (N.D. Ga. 1974) is also directly in point. In that case, Howard Johnson sought to defend a trademark infringement suit by resort to antitrust defenses involving allegations that the plaintiff imposed territorial resale restrictions upon licensees. In granting plaintiff's motion to strike the antitrust defense, the Court stated:

"Merely because a plaintiff has violated the anti-trust laws, or any other laws, in some matter complete-

<sup>\*</sup> Church & Dwight has denied Curtis' allegation, repeated *ad nauseam* throughout its pleadings and the petition, that Church & Dwight possesses "100% of the consumer market for baking soda" (Ans. in Civil Action No. 76 C 2235, *infra*, pp. 6a-18a). In any event, a market share, however large, is not without more an illegal marketing or pricing practice.

ly unrelated to the case before the Court does not result in 'unclean hands' on plaintiff's part. There must be some logical connection between the right plaintiff asserts and the activity constituting unclean hands. Otherwise, the courts must be willing to serve as a battleground for extensive antitrust litigation whenever a trademark holder seeks any, totally unrelated, equitable relief.

• • •

"To bring the purported antitrust violation into the action would obfuscate the issues and convert a relatively straightforward trademark infringement case into a complex antitrust case. The Court thinks defendant's fifth defense is clearly insufficient." (386 F. Supp. at 337-38; emphasis supplied).

The courts are unanimous in requiring that a mark be the direct instrument of alleged illegality before antitrust considerations may even be raised. Plainly, Curtis' complaints about alleged baking soda monopolization and marketing and pricing activities are so tangential and remote as to fail the test. And, its incantation "powerful anti-competitive device" in the petition and its other pleadings (*e.g.*, Pet. 12; Pet. App. 77, 79, 83, 85, 86) does nothing to alter this conclusion and is wholly inconsistent with the cases pointing out that by their very nature trademarks are not powerful anti-competitive devices.<sup>\*</sup>

<sup>\*</sup> Curtis' antitrust cases do not support its application of the law to the facts of this case. It has been able to do no better than to cite distinguishable cases such as a patent-antitrust case (*Morton Salt Co. v. Suppiger Co.*, 314 U.S. 488 (1942)), Clayton Act merger cases (*Ford Motor Co. v. United States*, 405 U.S. 562 (1972) and *FTC v. Procter & Gamble Co.*, 386 U.S. 568 (1967)), and a motion picture theatre monopolization case (*United States v. Griffith*, 334 U.S. 100 (1948)). Even *Timken Co. v. United States*, 341 U.S. 593

(footnote continued on next page)

Stripped of its allegations concerning the consumer baking soda market, Curtis is left with the astounding claim that Church & Dwight has monopolized or is attempting to monopolize the deodorant and antiperspirant market in which Church & Dwight holds a 2% market share (Stanier, *infra*, p. 22a). Plainly, such an allegation is not even worthy of serious consideration.

Curtis is thus reduced to the core of its original antitrust claim filed in July 1975, namely that this suit was brought in bad faith, a contention fully met by the District Court's affirmed conclusion that the suit was "a good faith effort to protect [Church & Dwight's] rights in the ARM & HAMMER trademarks and to prevent confusion, mistake and deception of consumers as to the source of Arm in Arm With Baking Soda deodorants" (C/L 5, Pet.App. 122).

The Court of Appeals was on sound ground indeed in affirming the District Court's decision to disregard the antitrust defense because it was "remote and unrelated to the issues on this appeal" (CA Opinion, Pet.App. 19).

In view of the foregoing, Curtis' Question 6 (claiming error in the Court of Appeals' determination that its defense was "remote and unrelated" and of "questionable legal sufficiency") is also insubstantial and likewise provides no basis for granting the writ.

(1951), involved a massive, worldwide, multiparty division of the markets in which the trademark was but one part.

Curtis' reliance on the initial decision by a Federal Trade Commission Administrative Law Judge in *In the Matter of Borden, Inc.*, Docket #8978 (F.T.C. August 19, 1976) (the "RealLemon" case), is even more misplaced. That decision did not involve trademark infringement or other trademark enforcement activities, much less the question whether antitrust violations of the type found by the Administrative Law Judge would be appropriate defenses in a trademark infringement suit.

Curtis' second and third questions involve the issue (irrelevant on the facts of this case) of the scope and effect of an antitrust defense in a trademark infringement action. Even if in an appropriate case an antitrust violation might be a complete defense to an infringement claim as Curtis contends, the remote and unrelated nature of Curtis' antitrust allegations here makes that issue one of purely academic concern and hence does not support issuance of the writ.

In any event, it is plain that allegations of antitrust violation are not a general trademark infringement defense. As stated in *Ceramco, Inc. v. Lee Pharmaceuticals*, 1976-1 Trade Cas. ¶60, 815 (E.D.N.Y. 1976):

"The antitrust laws, 15 U.S.C. §§1 to 7, do not prohibit monopolies that result from the legitimate use of a trademark. (Citing cases). That plaintiffs have violated the antitrust laws is no answer to a claim of trademark infringement. *O. & W. Thum Co. v. Dickinson*, 245 F. 609 (6th Cir. 1917), cert. denied, 246 U.S. 664, 38 S. Ct. 334 (1918)."

A claim that The Seven-Up Company was monopolizing the word "up" (a claim identical to Curtis' claim that Church & Dwight has monopolized the word "arm") was similarly dismissed in *Seven-Up Co. v. No-Cal Corp.*, 183 USPQ 165, 166 (E.D.N.Y. 1974), holding that:

"Since trademarks, unlike patents, give one a right to use a particular designation, and do not give a monopoly on a product, a claim of an attempt to create a monopoly by the use of a trademark is insufficient. *Goldstein v. General Electric Co.*, 264 F. Supp. 403, 153 U.S.P.Q. 334 (S.D.N.Y. 1967)

• • •

"Since all that is required of a defendant in order to escape the clutches of an alleged trademark monop-

oly is to market his product under a different name, the damages which may flow from a trademark infringement action cannot support an antitrust counterclaim.”\*

Use of a trademark in violation of the antitrust laws may under certain circumstances be a defense to the incontestability of the mark under Section 33(b)(7) of the Lanham Act (15 U.S.C. §1115(b)(7)). According to Section 33(b) an incontestable registration “shall be conclusive evidence of the registrant’s exclusive right to use the registered mark in commerce. . . .” The “defenses or defects” specifically enumerated in Section 33(b) merely act to defeat the conclusiveness of the presumption that would otherwise attach to the registration, and may not be used to preclude enforcement of a mark independently shown to be valid and infringed.

Exhaustive consideration of the legislative history led Judge Mansfield in *Carl Zeiss Stiftung v. V.E.B. Carl Zeiss, Jena, supra*, to conclude that:

“Both the express language of §33(b)(7) of the Lanham Act and its legislative history reveal strong support for plaintiffs’ contention that the intent and effect of the Act is merely to make the defense of antitrust misuse available to defeat the conclusive evidentiary force that would otherwise attach to a trademark certificate under the Act.” (298 F. Supp. at 1311-12)

Thus, even if Curtis were able to substantiate its extraordinary antitrust allegations, they would *not* constitute

\* The District Court took note of the same point when he observed that Helene Curtis “could market a baking soda deodorant, advertise the baking soda aspect of it all they want, as long as they eliminate the problem that arises basically from the use of the word ‘Arm’” (*infra*, p. 21a).

a complete defense in any sense of the word. As such, Curtis cannot be heard to suggest that entry of the preliminary injunction was in error.

Moreover, it has been repeatedly held that only a few antitrust allegations even qualify for the narrow purpose of Section 33(b). Judge Mansfield noted that the “forces favoring exercise of such power in a trademark suit are much weaker than those calling for its exercise in patent litigation, and that decisions upholding an antitrust misuse defense in the latter are not necessarily authoritative in the trademark field” (*id.* at 1314). After reemphasizing the “sharp distinction” between patent and trademark misuse cases, he noted:

“... it is significant that in almost every reported instance where the antitrust misuse of a trademark has been raised as a defense, it has been rejected.” (*id.*)

And he concluded that:

“An essential element of the antitrust misuse defense in a trademark case is proof that the mark itself has been the basic and fundamental vehicle required and used to accomplish the violation.” (*id.* at 1315)

The Court of Appeals for the Seventh Circuit expressed its emphatic agreement with Judge Mansfield in *Union Carbide Corporation v. Ever-Ready Inc.*, 531 F. 2d 366 (7 Cir. 1976), *cert. denied*, 429 U.S. 830 (1976), stating:

“... that the burden of such proof is a heavy one on the proponent of the issue and that the forces favoring the defense are much weaker than in patent cases which involve by their very nature a monopoly situation.” (*id.* at 389)

The Courts below thus dealt properly with Curtis' antitrust claims. Contrary to its assertion in its Question 4, that its antitrust defense was not considered during the Court's determination of the likelihood that Church & Dwight would succeed on the merits of its infringement claim, it is clear that the Court of Appeals specifically considered the antitrust defense in just that context:

"Curtis argues that any confusion which may be shown is caused not by its selection of the Arm in Arm trademark, but by Church & Dwight's misuse of its Arm & Hammer trademark in violation of the antitrust laws. *However, as will be discussed in greater detail infra, Curtis' antitrust claims are remote and ill-founded. It is clear from the record that public confusion is the result of Curtis' choice of a trademark infringingly similar to Arm & Hammer.*" (CA Opinion, Pet. App. 7-8; emphasis supplied)

In sum, the antitrust issues that Curtis has sought to introduce into this case are insubstantial and provide no basis in law or in fact for avoiding the preliminary injunctive relief that the equities and public interest have been held to require.

#### Questions 5, 7, 8(a)

These three questions reiterate in variant forms the same supposed error by the Court of Appeals in approving the grant of *pendente lite* injunctive relief against Curtis' continued acts of trademark infringement, while rejecting Curtis' contention that the New York District Court abused its discretion by entering a Rule 42(b) Order staying proceedings on Curtis' antitrust defenses and counterclaims until after a determination of the trademark issues.

The Court of Appeals properly found that the trial Court did not abuse its discretion in entering the Rule 42(b) Order. Curtis' Questions 5, 7 and 8(a) pose the same grounds of attack on the trial judge's discretionary control of his docket which eight judges of the trial and appellate courts in the Second and Seventh Circuits have rejected *in toto*.

The knee-jerk reaction of trademark and patent defendants who seek to absolve their guilt by raising broad allegations of antitrust violations was the subject of comment in the *Report of The Attorney General's National Committee to Study the Antitrust Laws* 249 (1955), which recommended separation of antitrust and patent issues for trial purposes under Rule 42(b). The recommended procedure has been followed in numerous cases in which trial Courts have separated proprietary rights and antitrust issues.\*

Pertinent factors that have been considered in making such rulings have included the differences in proofs to be adduced on the trademark and antitrust issues; the fact that resolution of the trademark issues could obviate the need for any discovery or trial of the antitrust issues; the fact

\* See, *Union Carbide Corp. v. Ever-Ready Inc.*, 392 F.Supp. 280, 283 (N.D.Ill. 1975), *rev'd on other grounds* 531 F.2d 366 (7th Cir. 1976) (trademark infringement case); *Components, Inc. v. Western Electric Company*, 318 F.Supp. 959, 967 (D.Me. 1970); *Metal Film Company v. Metlon Corporation*, 272 F.Supp. 64, 65 (S.D.N.Y. 1967); *Transmirra Products Corp. v. Monsanto Chemical Co.*, 27 F.R.D. 482, 483 (S.D.N.Y. 1961); *Smith, Kline & French Lab. v. International Pharm. Labs.*, 98 F.Supp. 899, 901 (E.D.N.Y. 1951) (unfair competition case); *Forstmann Woolen Co. v. Murray Sices Corporation*, 10 F.R.D. 367, 372 (S.D.N.Y. 1950) (trademark and copyright infringement case); *Henan Oil Tools, Inc. v. Engineering Enterprises, Inc.*, 262 F.Supp. 629, 631-632 (S.D.Tex. 1966); *Fischer & Porter Company v. Sheffield Corporation*, 31 F.R.D. 534, 535, 539-540 (D.Del. 1962).

that separate trials will be more economical and will involve a swifter resolution of the trademark issues and the consequent advancement of the public interest; and the fact that the public has a right not to be deceived. All of the foregoing important factors favoring separate, early trial of the trademark issues support the propriety of the Rule 42(b) Order here, as shown in the passage of the New York District Court's decision which the Court of Appeals quoted in finding that the trial Court did not abuse its discretion in entering the Order (Pet.App. 15-16).

Moreover, Curtis is in no position to claim prejudice as a result of the Rule 42(b) separation of issues. That is because Curtis' antitrust allegations as a matter of law are not a general defense to a trademark infringement claim (*supra*, pp. 13-16), and such allegations provide no basis for refusing the temporary injunctive relief so vital to trademark owners and the consuming public.

Curtis' claim of supposed prejudice is that the District Court's Conclusion 4 (which states that none of the evidence shows that the confusion flows from monopolization or attempted monopolization) is erroneous because the Rule 42(b) Order precluded it from developing evidence to try to overcome the proofs in its own contemporaneous records that confusion was the intended result of Curtis' deliberate choice of "a confusingly similar and infringing trademark" in order "to take advantage of goodwill previously established by plaintiff for its Arm & Hammer products" (F/F 22, 67, 68, Pet.App. 108, 120; CA Opinion, Pet.App. 7). However, Curtis nowhere explains how the fishing expedition it proposes to conduct in relation to Church & Dwight's consumer baking soda business would have any bearing on

the determination of the causes of the massive outpouring of confusion that has occurred in the deodorant and antiperspirant market. In any case, confusion and its causes are trademark issues, and thus the Rule 42(b) Order can hardly have impeded petitioner's efforts. Rather, the insurmountable hurdle Curtis has had to contend with is the knowledge possessed by its top management since the inception of this dispute that the confusion has been caused by its own "willful use of an infringing trademark" (CA Opinion, Pet.App. 11). As the Court of Appeals stated in rejecting the contentions renewed again in the present petition:

"It is clear from the record that public confusion is the result of Curtis' choice of a trademark infringingly similar to Arm & Hammer." (CA Opinion, Pet.App. 8)

2. Under Question 8(a) Curtis also argues that the Court of Appeals' approval of *pendente lite* injunctive relief against Curtis' continuing its deliberate trademark infringement, while refusing to reverse the trial Court's Order staying proceedings on the antitrust defense until after a determination of the trademark issues, violates Curtis' Constitutional rights under the Fifth Amendment to due process of law (Pet. 26).

No such question arises. The claimed violation of Fifth Amendment rights is frivolous. Curtis' "due process" argument posits a Constitutional right to raise every defense in a single proceeding, thereby endeavoring to read Rule 42(b) and its express authorization to separate issues out of the Federal Rules of Civil Procedure. The simple answer given by both the New York District Court (Pet.

App. 99) and the Seventh Circuit Court of Appeals (Pet. App. 16) is that Curtis will have its day in court in due course and that it will be able to raise its antitrust claims for whatever they are worth. But there is nothing in the Constitution that precludes a trial judge from making a reasonable discretionary procedural ruling as to when that day might be. And there is no basis in authority or in reason for petitioner's contention that the pleading of its antitrust issues and the unvacated Rule 42(b) Order pose a Constitutional "due process" bar to the trial Court's discretionary award of needed temporary injunctive relief against "willful use of an infringing trademark" (CA Opinion, Pet.App. 11).

#### Question 8(b)

The petition states that the Seventh Circuit Court of Appeals erred in rejecting Curtis' contention that the Rule 42(b) Order for a separate trial of the "trademark issues" in advance of the antitrust issues, violates Curtis' Constitutional right under the Seventh Amendment to an "effective trial by jury" (Pet. 4).

No such question is involved. The claimed violation of Seventh Amendment rights is non-existent.

There is no Constitutional mandate that the same jury must try all issues raised by a complaint and by defenses and counterclaims. As stated in 9 Wright & Miller, *Federal Practice and Procedure: Civil* §2391, at 302 (1971):

"Is there a violation of the constitutional provision if issues are separately submitted to separate juries? The answer rather clearly must be in the negative,"

Curtis' supposed Constitutional requirement that the trademark issues and the antitrust issues must be tried together to the same jury, would render trial courts powerless to apply Rule 42(b) in jury cases. If anything, because of the inherent complexity of antitrust cases, there is more reasons to order separate trial of non-antitrust and antitrust issues in jury cases than in non-jury cases. *Shepard v. International Business Machines Corp.*, 45 F.R.D. 536, 537 (S.D.N.Y. 1968); *Reading Industries, Inc. v. Kennecott Copper Corporation*, 61 F.R.D. 662, 665 (S.D.N.Y. 1974).

The cases cited by Curtis are distinguishable. This is not a case like *Beacon Theatres v. Westover*, 359 U.S. 500 (1959), where the issue of jury trial arose from an order directing that certain issues be tried to the Court without a jury; or like *Gasoline Prods. Co. v. Champlin Co.*, 283 U.S. 494 (1931), where questions of damages and liability were inextricably intertwined. Here, the New York trial Court found the antitrust issues to be fairly separable from the trademark issues. Curtis will have full opportunity to present such issues before a jury after determination of the trademark issues, if such a trial is warranted at that time.

#### Conclusion

Nowhere in its petition has Curtis demonstrated any substantial reason or basis for granting this writ. Not only has it failed to show that any error occurred in the proceedings below, it has not demonstrated that this case involves any of the considerations governing review on certiorari as outlined in Supreme Court Rule 19, 28 U.S.C.A. Thus, no conflict between circuits is alleged; no claim is made that the carefully considered concurrent decisions be-

low are in conflict with the applicable decisions of this Court; no important question of federal law is involved; there is no basis for exercising this Court's power of supervision; and the notion that a deliberate trademark infringer's efforts to avoid preliminary injunctive relief while it pursues a "remote and ill founded" antitrust defense requires intervention by this Court, is not even worthy of serious consideration.

The petition is without merit and should be denied.

Respectfully submitted,

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**APPENDIX**

UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF NEW YORK

Civil 75-184

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CHURCH & DWIGHT, Co.,

*Plaintiff,*

*vs.*

HELENE CURTIS INDUSTRIES, INC., and  
ACHTER'S KEY DRUG, INC.,

*Defendants.*

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On February 25, 1976 this court ordered a separate trial of the "trademark issues" in advance of a trial of the "antitrust issues" and a stay of proceedings on the "antitrust issues" until after a determination of the "trademark issues". This is a motion by defendants for an order for amendment of the order of February 25, 1976 to certify the order for appeal under 28 U.S.C. Section 1292(b). On due consideration it is hereby

ORDERED that the motion is in all respects denied.

/s/ HAROLD P. BURKE

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HAROLD P. BURKE  
United States District Judge

April 15, 1976.

76-3039

UNITED STATES COURT OF APPEALS  
Second Circuit

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HELENE CURTIS INDUSTRIES, INCORPORATED, and  
ACHTER'S KEY DRUG, INCORPORATED,  
*Petitioners,*  
*vs.*

HONORABLE HAROLD P. BURKE, United States District Judge,  
for the Western District of New York, CHURCH & DWIGHT  
COMPANY, INC., and N. W. AYER & SON, INCORPORATED,  
*Respondents.*

CHURCH & DWIGHT CO. INC.,  
*Plaintiff,*  
*vs.*

HELENE CURTIS INDUSTRIES, INC., and  
ACHTER'S KEY DRUG, INC.,  
*Defendants.*

---

A petition for a writ of mandamus having been filed and  
answering papers having been filed by the respondents  
Church & Dwight Company, Inc., and N. W. Ayer & Son,  
Incorporated,

Upon consideration thereof, it is

Ordered that said petition be and it hereby is dismissed.

Further ordered that the clerk shall serve a copy of this  
order on the judge named respondent and on all other  
parties to the action in the trial court.

/s/ WALTER R. MANSFIELD  
Hon. Walter R. Mansfield, CJ

/s/ JAMES L. OAKES  
Hon. James L. Oakes, CJ

/s/ MURRAY I. GURFEIN  
Hon. Murray I. Gurfein, CJ

Dated: July 8, 1976.

December 13, 1976 Order of the Supreme Court  
of the United States (429 U.S. 1011)

DECEMBER 13, 1976

*Dismissal Under Rule 60*

No. 76-491. HELENE CURTIS INDUSTRIES, INC., ET AL. v.  
BURKE, U. S. DISTRICT JUDGE, ET AL. C. A. 2d Cir. Certio-  
rari dismissed under this Court's Rule 60.

## UNITED STATES COURT OF APPEALS

FOR THE SEVENTH CIRCUIT

Chicago, Illinois 60604

October 11, 1977.

Before

HON. WILLIAM J. BAUER, Circuit Judge  
 HON. HARLINGTON WOOD, JR., Circuit Judge  
 HON. WILLIAM J. JAMESON, Senior District Judge\*

No. 77-1138

HELENE CURTIS INDUSTRIES, INC.,  
*Plaintiff, Counterdefendant, Appellant,*

*vs.*

CHURCH & DWIGHT, CO., INC., *et al.*,  
*Defendants, Counterplaintiffs, Appellees.*

On Petition for Rehearing

## ORDER

On the Court's own motion, the order heretofore entered in the above entitled cause on September 30, 1977, is hereby withdrawn.

\* The Hon. William J. Jameson, United States Senior District Judge for the District of Montana, is sitting by designation.

It is further ordered that the petition for rehearing filed in this cause by Helene Curtis Industries, Inc., is hereby denied, except that the published opinion of this Court is amended as follows:

On the first line of Page 18, the word "summary" shall be deleted and replaced with the word "final." On the fourth line of Page 18, the word "trial" shall be deleted and replaced with the words "further proceedings."

On consideration of the petition for rehearing and suggestion for rehearing en banc filed in the above entitled cause, no judge in active service has requested a vote thereon,\* and all of the judges on the original panel have voted to deny a rehearing. Accordingly, it is further ordered that the aforesaid petition for rehearing be, and the same is, hereby DENIED in all other respects.

\* The Hon. Walter J. Cummings disqualified himself from any consideration of the petition for rehearing and suggestion for rehearing en banc in this matter.

**Answer of Defendant Church & Dwight Co., Inc.  
in No. 76 C 2235**

Defendant Church & Dwight Co., Inc. ("Church & Dwight") for its answer to the Complaint of Helene Curtis Industries, Inc. ("Curtis") states:

*Complaint ¶1.* Plaintiff Helene Curtis Industries, Inc. ("Curtis") is a corporation organized and existing under the laws of the State of Illinois with its principal office and place of business situated in the City of Chicago. Curtis is engaged in the manufacture and sale of cosmetics throughout the United States and in many foreign countries. Beginning in the year 1975 Curtis began to manufacture, advertise and distribute an aerosol deodorant under the trademark "Arm In Arm"; the active deodorizing ingredient in Arm In Arm is sodium bicarbonate, known to the public as baking soda.

*Answer ¶1.* Church & Dwight admits the allegations of Paragraph 1 of the Complaint.

*Complaint ¶2.* Defendant Church & Dwight Co., Inc. ("C&D") is a corporation organized and existing under the laws of the States of Delaware with its principal office and place of business situated in the State of New York. C&D is a manufacturer and marketer of consumer products, largely sodium bicarbonate based, which are sold in consumer markets under the registered trademark "Arm & Hammer" and are also sold to industrial customers as an ingredient used in a variety of other manufacturing processes. C&D's consumer products are distributed through-

**Answer of Church & Dwight in No. 76 C 2235**

out a network of approximately 88 independent food brokers and 50 public warehouses located throughout the United States. The company's revenues from the sale of sodium bicarbonate for the year 1975 were in excess of \$75 million, of which approximately 75% were derived from the sale of consumer products.

*Answer ¶2.* Church & Dwight admits the allegations of Paragraph 2 of the Complaint except that it denies that its consumer products are distributed through a network of approximately 88 independent food brokers and that the company's revenues from the sale of sodium bicarbonate for the year 1975 were in excess of \$75 million dollars, of which approximately 75% were derived from the sale of consumer products.

*Complaint ¶3.* Defendant Allied Chemical Corporation ("Allied") is a corporation organized and existing under the laws of the State of New York with its principal office and place of business situated in the State of New York. Allied is a large, diversified producer of chemicals, fibers and fabricated products, and petroleum, coal, coke and other energy products. It does business directly and through subsidiaries throughout the United States and in many foreign countries. In the year 1975, Allied's gross revenues were in excess of \$2.33 billion, of which approximately half was derived from the sale of various chemicals.

*Answer ¶3.* Church & Dwight admits that defendant Allied Chemical Corporation ("Allied") is a corporation organized and existing under the laws of the State of New

*Answer of Church & Dwight in No. 76 C 2235*

York, that Allied is a producer of chemicals and other products, and that Allied does business throughout the United States and in foreign countries, but Church & Dwight is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of Paragraph 3 of the Complaint, except that Church & Dwight denies that Allied's principal office and place of business is situated in the State of New York.

*Complaint ¶4.* Curtis files this Complaint and invokes the jurisdiction of this Court under the provisions of sections 4 and 16 of the Act of Congress of October 15, 1914 (15 U.S.C. §§15 and 26), commonly known as the Clayton Act, to recover treble damages for injuries sustained by it resulting from violations of sections 1 and 2 of the Act of Congress of July 8, 1890, as amended (15 U.S.C. §§1, 2), commonly known as the Sherman Act, and to prevent and restrain continuing violation by the defendants of such Act.

*Answer ¶4.* Church & Dwight admits that this Court has subject matter jurisdiction over the Complaint and that the Complaint purports to state a claim to recover treble damages and for injunctive relief based on alleged violations of the antitrust laws, but Church & Dwight denies any violation of the antitrust laws as alleged or otherwise.

*Complaint ¶5.* Both of the defendants maintain an office, have an agent, transact business, and are found within the Judicial District of the Northern District of Illinois (15 U.S.C. §§22).

*Answer of Church & Dwight in No. 76 C 2235*

*Answer ¶5.* Church & Dwight admits the allegations of Paragraph 5 except that it is without knowledge or information sufficient to form a belief as to the truth of the allegation that Allied maintains an office, has an agent, transacts business, and is found within the Judicial District of the Northern District of Illinois.

*Complaint ¶6.* Venue is laid in this Judicial District since many of the unlawful acts done pursuant to the unlawful combination and conspiracy and attempt to monopolize complained of herein were performed within the State of Illinois, and the interstate trade and commerce described in this complaint is carried on, in part, within this Judicial District.

*Answer ¶6.* Church & Dwight admits that venue is properly laid in the Northern District of Illinois and that the interstate trade and commerce described in the Complaint is carried on in part within the Northern District of Illinois, but Church & Dwight otherwise denies the allegations of Paragraph 6 of the Complaint.

*Complaint ¶7.* Baking soda has a great variety of uses for household cleaning, deodorizing and baking purposes. It is also used as an antacid, as a dentifrice and as an ingredient in various other health and beauty applications. C&D's registered trade mark, Arm & Hammer, under which it advertises and sells baking soda to the consuming public has been used by C&D for over 100 years. Arm & Hammer baking soda is, and for many years last past has been, the only packaged baking soda sold at retail throughout the

*Answer of Church & Dwight in No. 76 C 2335*

United States to the consumer. C&D also uses its Arm & Hammer trade mark on various consumer products such as laundry detergent, washing soda, borax, oven cleaner and personal deodorant. Because of C&D's use of its Arm & Hammer trademark the public believes that all such products contain baking soda as a principal ingredient.

*Answer ¶7.* Church & Dwight admits the allegations of Paragraph 7 of the Complaint except that it denies that "ARM & HAMMER" Baking Soda is, and for many years last past has been, the only packaged baking soda sold at retail throughout the United States to the consumer and that because of its use of its "ARM & HAMMER" trademark the public believes that all such products contain baking soda as a principal ingredient.

*Complaint ¶8.* The production and distribution of baking soda for retail purchase by consumers throughout the United States and in various states is a line of commerce or relevant product market ("the consumer market") for purposes of application of the Clayton Act and the Sherman Act. The production and distribution of consumer products which contain baking soda as a principal ingredient or which the public has been led to believe contain baking soda as a principal ingredient, such as the products enumerated in paragraph 7 preceding, comprise relevant consumer submarkets. C&D controls 100% of the consumer market for baking soda, as defined herein, and has a significant foothold in the aforesaid consumer submarkets.

*Answer ¶8.* Church & Dwight denies the allegations of Paragraph 8 of the Complaint.

*Answer of Church & Dwight in No. 76 C 2335*

*Complaint ¶9.* For many years last past, the exact date being unknown to plaintiff, C&D has attempted to monopolize, has conspired to monopolize and has monopolized the consumer market for baking soda and has attempted to monopolize and conspired to monopolize various consumer submarkets, and has combined and conspired to restrain, and has restrained trade and commerce in such market and submarkets; such attempt to monopolize, conspiracy to monopolize and monopolization and such combination and conspiracy in restraint of trade has been effectuated and carried out over a period of years by C&D in part, as hereinafter averred.

*Answer ¶9.* Church & Dwight denies the allegations of Paragraph 9 of the Complaint.

*Complaint ¶10.* C&D entered into a series of long term exclusive dealing contracts with Allied for the purpose and with the intent of controlling and limiting the supply of baking soda available for sale in the consumer market, both nationally and in various parts of the United States; Allied has combined and conspired with C&D, and has aided and abetted C&D in carrying out and effectuating such unlawful conduct, by means of the aforesaid contracts pursuant to which it supplies C&D with a major and indispensable ingredient for C&D's production of baking soda.

*Answer ¶10.* Church & Dwight denies the allegations of Paragraph 10 of the Complaint except that it admits that it has and has had contractual relations with Allied, the terms and conditions of which speak for themselves.

*Complaint ¶10(A).* C&D produces a substantial portion of its own requirements of baking soda at a plant operated by it in Green River, Wyoming. The basic raw materials for the production of sodium bicarbonate are soda ash and natural gas (from which carbon dioxide is produced for use in the manufacturing process). Allied, which has an adjacent facility, supplies C&D with its entire requirements of soda ash under a long term contract continuing until 1989 with options to renew thereafter.

*Answer ¶10(A).* Church & Dwight admits that it produces baking soda at a plant operated by it in Green River, Wyoming; that the raw materials for the production of sodium bicarbonate are soda ash and natural gas, from which carbon dioxide is produced; and that Allied supplies Church & Dwight with soda ash pursuant to a contract, the terms and conditions of which speak for themselves, but Church & Dwight otherwise denies the allegations of Paragraph 10(A) of the Complaint.

*Complaint ¶10(B).* At Syracuse, New York, C&D is supplied with baking soda under a long term soda ash conversion contract with Allied, which bags and ships material to C&D's industrial customers and provides C&D's Syracuse plant with product which C&D packages in its own plant and ships to customers in consumer markets; this agreement extends until 1979 and from year to year thereafter, subject to either party's right to terminate on five years notice. The Syracuse agreement is the latest in a series of long term agreements between C&D and its predecessors and Allied and its predecessors, extending back to 1896 and providing for exclusive dealing between the parties for the sale and purchase of soda ash.

*Answer of Church & Dwight in No. 76 C 2235*

*Answer ¶10(B).* Church & Dwight admits that at Syracuse, New York, Allied supplies Church & Dwight with baking soda under a tolling agreement, the terms and conditions of which speak for themselves, which agreement expires in 1980, and, on information and belief, that Allied and Church & Dwight have had contractual dealings in relation to baking soda since 1896, but Church & Dwight otherwise denies the allegations of Paragraph 10(B) of the Complaint.

*Complaint ¶11.* C&D has engaged in marketing practices and pricing practices in the distribution of its Arm & Hammer baking soda which were intended to have the result, and succeeded in the result, that no other brand of baking soda is sold at retail to the consuming public anywhere in the United States; all competition and potential competition has been effectively suppressed and eliminated.

*Answer ¶11.* Church & Dwight denies the allegations of Paragraph 11 of the Complaint.

*Complaint ¶12.* C&D has maintained unreasonably high, excessive, monopolistic and non-competitive prices for the sale and resale of baking soda in the consumer market both nationally and in various parts of the United States, and has excluded competition in all markets.

*Answer ¶12.* Church & Dwight denies the allegations of Paragraph 12 of the Complaint.

*Complaint ¶13.* C&D has advertised and promoted its registered trade mark "Arm & Hammer" in a manner in-

*Answer of Church & Dwight in No. 76 C 2235*

tended to implement and reinforce its attempted monopolization of the consumer market for baking soda and relevant consumer submarkets in that it has sought to create, and has succeeded in creating, an identity in the public mind between "baking soda" and C&D ("Arm & Hammer").

*Answer ¶13.* Church & Dwight denies the allegations of Paragraph 13 of the Complaint.

*Complaint ¶14.* C&D has used its Arm & Hammer trade mark on various consumer products that contain baking soda as a principal ingredient, or which the public has been led to believe contain baking soda as a principal ingredient, such as laundry detergent, washing soda, borax, oven cleaner and personal deodorant in such manner as to reinforce the identity in the public mind of the term Arm & Hammer not only with baking soda as such but each and every consumer product that contains baking soda, with the intent and purpose of attempting to monopolize trade and commerce in all such baking soda containing products.

*Answer ¶14.* Church & Dwight denies the allegation of Paragraph 14 of the Complaint except that Church & Dwight admits that it has used its "ARM & HAMMER" trademark on consumer products, some of which contain sodium bicarbonate as a principal ingredient and some of which do not, which consumer products include baking soda, laundry detergent, washing soda, borax, oven cleaner, and personal deodorant.

*Answer of Church & Dwight in No. 76 C 2235*

*Complaint ¶15.* C&D instituted an action for trade mark infringement in the United States District Court at Rochester, New York against Curtis and others respecting use of the word "arm" in the sale by Curtis of its "Arm In Arm" deodorant; such action was instituted ostensibly to enforce C&D's Arm and Hammer mark but in actual fact (i) the action was not a good faith or reasonable effort to prevent real or threatened trade deception or confusion as to the source of Arm In Arm deodorant, and (ii) the action was, and continues to be, an attempt by C&D to prevent Curtis and others from entering the market for the sale of consumer products containing baking soda and was instituted, and continues to be pressed, with the intention and for the purpose of implementing and reinforcing C&D's monopolization of the consumer market for baking soda and C&D's attempt to monopolize the sale of other consumer products containing baking soda or which the public believes contain baking soda.

*Answer ¶15.* Church & Dwight denies the allegations of Paragraph 15 of the Complaint, except that it admits that it instituted an action for trade mark infringement and related claims in the United States District Court in Rochester, New York, which action is now pending in this district as Civil Action No. 76 C 4398.

*Complaint ¶16.* As part of the aforesaid scheme and device, and after C&D instituted the aforesaid trade mark infringement action against Curtis, and after C&D learned of the sale by Curtis of Curtis' Arm In Arm deodorant,

*Answer of Church & Dwight in No. 76 C 2235*

C&D also began the sale of a deodorant containing baking soda to which it affixed its Arm & Hammer trade mark.

*Answer ¶16.* Church & Dwight denies the allegations of Paragraph 16 of the Complaint except that it admits that in June 1975, it began the sale of its "ARM & HAMMER" brand deodorant, the planning for which had been in progress since a date long prior to Curtis' introduction of its "ARM IN ARM WITH BAKING SODA" deodorant.

*Complaint ¶17.* The aforesaid acts and conduct of defendants C&D and Allied have had the following effects, among other effects:

*Complaint ¶18.* C&D and Allied have conspired to attempt to monopolize the consumer market for baking soda throughout the United States and in various geographical areas thereof and have restrained trade and commerce in such market in the United States and in various geographical areas thereof.

*Answer ¶17 & ¶18.* Church & Dwight denies the allegations of Paragraphs 17 & 18 of the Complaint.

*Complaint ¶19.* C&D has attempted to monopolize and has monopolized the consumer market for baking soda and various consumer submarkets throughout the United States and in various geographical areas thereof and has restrained trade and commerce in such market and submarkets in the United States and in various geographical areas thereof.

*Answer of Church & Dwight in No. 76 C 2235*

*Answer ¶19.* Church & Dwight denies the allegations of Paragraph 19 of the Complaint.

*Complaint ¶20.* C&D has fostered and caused confusion among the purchasing public and has reinforced its unlawful consumer market control over baking soda by successfully engendering and identification among the purchasing public between baking soda sold at retail and C&D's Arm & Hammer. C&D's monopoly over the consumer market for baking soda has led the consuming public to erroneously believe (i) that all baking soda is Arm & Hammer, and (ii) that all consumer products with Arm & Hammer trade mark are comprised substantially of baking soda.

By reason of the foregoing Curtis has sustained injury in its business and property and is threatened from day to day with continuing loss and damage.

*Answer ¶20.* Church & Dwight denies the allegations of Paragraph 20 of the Complaint.

**Affirmative Defenses to the Complaint**

As and for its affirmative defenses to the Complaint, Church & Dwight states:

21. The Complaint fails to state a claim upon which relief may be granted.

22. Curtis has not been injured in its business or property by reason of anything forbidden in the antitrust laws as alleged in the Complaint, Curtis has not suffered threat-

*Answer of Church & Dwight in No. 76 C 2235*

ened loss or damage by a violation of the antitrust laws as alleged in the Complaint, and Curtis therefore lacks standing to sue.

Wherefore, Church & Dwight prays:

A. That the Complaint herein be dismissed with prejudice and that judgment be entered in defendants' favor;

B. That costs of the action be assessed against Curtis;

C. That Curtis be ordered to pay the attorneys fees incurred by Church & Dwight in this action; and

D. That the Court grant Church & Dwight such further relief as it may deem just.

**Transcript of Proceedings, January 18, 1977,**

had in the above-entitled matter before the HONORABLE FRANK J. MCGARR, one of the Judges of said Court, in his courtroom in the United States Courthouse, Chicago, Illinois, on Tuesday, the 18th day of January, 1977, at the hour of 2:00 o'clock p.m.

. . .

[10] The Court: But counsel's argument is now, and I think it has merit, is that Helene Curtis, having combined Arm in Arm and baking soda and done a giant promotional effort here, has created the identification of Arm in Arm and baking soda with Arm & Hammer and created a lot of good will. If you just went to Arm in Arm without baking soda now you would be carrying over [11] the good will which, according to the finding I make today, you improperly obtained.

So, I've really answered my own question as to whether Arm in Arm would be now usable on a non baking soda product. I think it might have been ab initio, but I doubt that it is now.

. . .

[14] Mr. Goldsmith: Now, the only reason that there could be any confusion is that Church & Dwight and baking soda are synonymous, and if there has been any confusion in the marketplace, we say it's because of the fact that Church & Dwight is synonymous with baking soda and is known as baking soda, and any time that baking soda appears, people are going to make some association with Church & Dwight.

*Transcript of Proceedings, January 18, 1977*

The Court: That's the extreme argument. Your client didn't rely on that, your client relied on Arm & Hammer and took Arm out of the title to make sure there was that confusion.

• • •

[17] The Court: Well, Arm & Hammer may have an identification with baking soda, but it doesn't have any rights over it. So, Helene Curtis could market a baking soda deodorant, advertise the baking soda aspect of it all they want, as long as they eliminate the problem that arises basically from the use of the word "Arm."

I think the only thing you could do to satisfy it is leave your present label and change the words, "Arm in Arm," and I know that's a dramatic result and a drastic result.

Mr. Goldsmith: Effectively, Judge, it does put us out of business, because there's been about \$10 million worth of advertising behind it already.

I don't know exactly what the sales are.

The Court: That advertising and those sales were done at Helene Curtis' risk.

The next question is, suppose that I entered this order, what's in the pipeline, how much of this product is out on the shelves, and how many is on its way and in warehouses, and what do you do about that?

Mr. Goldsmith: I'm not exactly sure of that, your Honor. I would not want to answer that question and answer it incorrectly.

• • •

*Transcript of Proceedings, January 18, 1977*

[19] The Court: I've considered that, you made that argument in the pleadings that I have, and it's [20] my conclusion that the anti-trust counterclaim and the discovery in conjunction with it and the length of time that it would take does not have sufficient merit or relevance to the present issue to warrant my barring a preliminary injunction for the many months that it would take in order to develop and try that.

I think the case for the preliminary injunction has been made out, and I think it's been made out adequately, independently of the anti-trust counterclaim, and despite it.

• • •

**Transcript of Proceedings, February 17, 1977**

[19] *Cross-Examination by Mr. Goldsmith:*

Q. Mr. Staniar, how big is the antiperspirant deodorant market? A. It is roughly, I believe, about half a billion.

Q. What percentage of that market does Church & Dwight have? A. Roughly, 2 per cent.

Q. What per cent did it have a year ago? A. About the same.

**C & D Documents P11394-P11396, March 12, 1973**

[LETTERHEAD OF]

**CHURCH & DWIGHT CO., INC.**

Two Pennsylvania Plaza, New York, N.Y. 10001

Phone (212) 868-2900

March 12, 1973

Mr. David R. Foster  
President and Chief Executive Officer  
Colgate-Palmolive Company  
300 Park Avenue  
New York, N.Y. 10022

Dear Mr. Foster:

We have just seen the packaging for your company's new "PEAK TOOTHPASTE with BAKING SODA." As you know, we have supplied at least some of that baking soda ingredient.

We are disturbed by your prominent use of the circular band on which the words "with BAKING SODA" are shown. Your circular band display bears a striking similarity to the circular band which has long been associated with our company's well-known ARM & HAMMER baking soda. The circular band display appears (in semi-circle form) four times on your carton and twice on the tube itself; it also appears (in quarter-circle form) on each end of the carton.

I am sure you are familiar with our ARM & HAMMER marks for baking soda, and with our long-established way of displaying these marks together with our circular band mark, as shown by the enclosed sample of our current pack-

*C & D Documents P11394-P11396, March 12, 1973*

age. The circular band has been a distinctive feature of our ARM & HAMMER baking soda package for more than a century.

The circular band mark is the subject of a number of U.S. trademark registrations, which cover the circular band alone and also in combination with the ARM & HAMMER marks. I enclose copies of two such registrations, Nos. 59, 574 and 507, 295 of our circular band mark for baking soda (also called bicarbonate of soda and saleratus).

I also enclose extracts from a decision by the U.S. Court of Appeals for the Eighth Circuit in *Layton Pure Food Co. v. Church & Dwight Co.*, 182 Fed. 24 (1910). The Court in that case held that our company "had the undoubted right to the exclusive use of this annular [circular] band as a trade-mark upon baking soda and baking powder after 1896" (p. 32). Our rights have been reinforced by more than 6 years' use of the circular band mark since we obtained that adjudication of our "undoubted right" to its exclusive use.

Your company's use of a circular band to display the words "with BAKING SODA" on your new baking soda dentifrice is so strongly suggestive of the circular band mark identified with our company's baking soda that we are sure it will cause confusion and impair our trademark rights. In this connection, our ARM & HAMMER baking soda has been extensively promoted and sold as a dentifrice for many years (see for example the instructions on the enclosed package).

It seems to us that it should be a matter of mutual concern to both our companies to avoid confusion of our busi-

*C & D Documents P11394-P11396, March 12, 1973*

nesses and products. We are a small company. Baking soda is our main product, and the group of trademarks we have been using since 1869 to identify this product represent a principal asset of our company. We scrupulously respect the trademark rights of others and we expect others to afford our trademark rights similar respect. In view of the important trademark which are owned and used by your company, I trust that you will understand our grave concern.

We have no objection, of course, to your use of the words "with BAKING SODA", not displayed in a circular band. But I hope we may expect your cooperation in modifying your packaging to eliminate the semi-circle and quarter-circle bands.

Surely there are other forms of art work which can serve your purposes just as effectively, and without creating confusion with our circular band mark. For example a peaked chevron device, suggestive of your PEAK product designation, could serve the same purpose as the circular band now used on both your product and ours.

I look forward to having your early assurances that we may expect your cooperation in promptly phasing out the circle motif.

Very truly yours,

/s/ DWIGHT C. MINTON  
Dwight C. Minton

DCM:bw  
Enclosures

**C & D Document P11402, March 30, 1973**

[LETTERHEAD OF]

**COLGATE-PALMOLIVE COMPANY**  
300 Park Avenue  
New York, N.Y. 10022

March 30, 1973

Mr. Dwight C. Minton, President  
Church & Dwight Co., Inc.  
520 Pennsylvania Plaza  
New York, New York 10001

Dear Mr. Minton:

I have your letter of March 12, 1973 with respect to our new product, PEAK TOOTHPASTE with Baking Soda.

At the present time our Art Department is developing a new design for our package and we would expect to use the new design just as soon as we have exhausted our current packages. PEAK is now being sold in three test markets and before expanding into other territories, we will have a new package. In developing the new design we will certainly take into consideration your comments regarding your own package and your belief that there might be some confusion in the minds of the public if we were to continue to use a circular band mark.

Sincerely,

/s/ DAVID R. FOSTER  
David R. Foster

**C & D Document P11403, April 4, 1973**

[LETTERHEAD OF]

**CHURCH & DWIGHT CO., INC.**  
Two Pennsylvania Plaza, New York, N.Y. 10001  
Phone (212) 868-2900

April 4, 1973

Mr. David R. Foster, President  
Colgate-Palmolive Company  
300 Park Avenue  
New York, New York 10022

Dear Mr. Foster:

Thank you for your letter of March 30 and your prompt attention to our problem.

We appreciate the action you have taken in this respect, and hope that your venture is a success inasmuch as we are a supplier of the sodium bicarbonate used in PEAK toothpaste.

Sincerely,

/s/ DWIGHT C. MINTON  
Dwight C. Minton

DCM:bt

**Watt Exhibit 80, May 8, 1975**

[LETTERHEAD OF]

**CHURCH & DWIGHT CO., INC.**Two Pennsylvania Plaza, New York, N.Y. 10001  
Phone (212) 868-2900

May 8, 1975.

Mr. Walter S. Kaplan  
Helene Curtis Industries Inc.  
4401-31 W North Avenue  
Chicago Illinois 60639

Dear Mr. Kaplan:

We have just seen your company's new product "ARM IN ARM With Baking Soda". We are disturbed by your use of "ARM", the identical first word of our well-known ARM & HAMMER trademark; and with your using as a connecting word with "ARM" the term "IN" which is phonetically the same as the connecting "&" in our trademark. The combined use of these elements of our trademark in conjunction with the prominent display of the words "With Baking Soda", cannot fail, we believe, to lead to confusion. Moreover, your failure to identify your product explicitly as a deodorant overemphasizes its baking soda content and adds to the likelihood of consumer confusion.

I am sure you are familiar with our ARM & HAMMER trademark, which has been used as a mark for our Baking Soda for more than a century, and which is now being used for a broad range of products. I am sure you are also familiar with our extensive promotion of the deodorant qualities of Baking Soda in numerous applications.

*Watt Exhibit 80, May 8, 1975*

It seems to us that it should be a matter of mutual concern to both our companies to avoid confusion of our businesses and products. We scrupulously respect the trademark rights of others, and we expect others to afford our trademark rights similar respect. In view of the important trademarks which are owned and used by your company, I trust you will understand our grave concern.

We have been using the ARM & HAMMER trademark since 1869 and consider this mark to be one of the principal assets of our company. In view of the great value to us of ARM & HAMMER as a important and well respected trademark, it is our firm policy to take every possible step to preserve that value.

Mr. Walter S. Kaplan  
Helene Curtis Industries Inc.

May 8, 1975.

Of course we have no objection to your use of baking soda in your deodorant, or the label identification of baking soda as an ingredient of your product but we cannot believe that it is necessary to use "ARM" or "ARM IN ARM" to identify your product. Surely there are other words which can serve your purposes just as effectively, and without creating the confusion we believe is inevitable in your use of the words "ARM IN ARM" for your new product.

I look forward to having your early assurances that we may expect your co-operation in promptly finding a more appropriate mark for your new deodorant product.

Very truly yours,

/s/ DWIGHT C. MINTON  
Dwight C. Minton

Watt Exhibit 81, May 12, 1975

THIS MAILGRAM IS A CONFIRMATION COPY OF THE FOLLOWING MESSAGE:

2128668900 TOMT NEW YORK NY 83 05-12 12328 EST  
PMS WALTER S KAPLAN HELENE CURTIS INDUSTRIES  
INC, DLR

4401-31 WEST NORTH AVE  
CHICAGO IL 60639

DEAR MR KAPLAN

PLEASE REFER TO MY LETTER TO YOU DATED MAY 8 1975. WE HAVE NOW SEEN YOUR STANDARD-SIZE CONTAINERS OF LIGHTLY SCENTED ARM IN ARM DEODORANT AND YOUR SHELF STRIP, BOTH OF WHICH UTILIZE THE RED AND YELLOW COLOR COMBINATION TRADITIONALLY USED FOR OUR ARM AND HAMMER PRODUCTS, USE OF THESE COLORS IN COMBINATION WITH OTHER ELEMENTS OF OUR TRADEMARK INCREASES OUR CONVICTION THAT WIDESPREAD CONSUMER CONFUSION WILL BE INEVITABLE.

WE URGENTLY REQUEST YOUR EARLY RESPONSE.

VERY TRULY YOURS

DWIGHT C MINTON CHURCH AND DWIGHT CO INC  
12:32 EST  
MGMNYAT MSB

Pawlick Exhibit 86, May 12, 1975

[LETTERHEAD OF]

HELENE CURTIS INDUSTRIES, INC.  
4401 W. North Avenue, Chicago, Illinois 60639  
Phone 292-2121

May 12, 1975

Mr. Dwight C. Minton  
Church & Dwight Co., Inc.  
Two Pennsylvania Plaza  
New York, New York 10001

Dear Mr. Minton:

As in your company, Mr. Milton, Helene Curtis is very careful about our trademarks and about the trademarks of other companies. When a new mark is chosen, our outside trademark counsel are asked to make a complete trademark search.

When we were choosing the name "Arm-In-Arm", we obviously considered the possibility of confusion with the trademarks of other companies. It was (and is) the opinion of our counsel that "Arm-In-Arm" does not infringe your mark "Arm & Hammer".

We are sorry you are disturbed about our use. We do not feel a buyer will be misled, however, particularly since the packaging is so dissimilar and our mark is for a personal deodorant while yours is for goods in a different field.

Very truly yours,

HELENE CURTIS INDUSTRIES, INC

/s/ WALTER KAPLAN  
Walter Kaplan  
President

WK/1b

**Watt Exhibit 90, April 15, 1976**

April 15, 1976

Dave Gordon  
Helene Curtis

Dear Dave:

I just got through talking with Curt Scarborough who filled me in on some of the details with regard to the Shower to Shower Deodorant Spray with Baking Soda.

As you know, the markets involved are: Houston, Dallas/Ft. Worth, and Denver. Shipment will be made this month with advertising presumably starting in mid May. Commercials may be similar to the attached which was used in tests in Buffalo and Weston, W. Va. with no product being distributed. We are attempting to get further information on the intensity of the advertising from media in these markets.

The product comes in three sizes: 5 oz., 8 oz., and 12 ounce with the following claims made on the back:

- Fights underarm odor for 24 hours because its baking soda powder actually absorbs and neutralizes odor.
- Sprays on dry—is not cold or chilly.
- Won't stain your clothing.
- A clean fresh fragrance that is pleasing to the whole family.

In view of this new competition, it would seem desirable to take some retaliatory action with: (a) additional TV

**Watt Exhibit 90, April 15, 1976**

advertising weight; (b) special trade allowances that will insure broad distribution of at least four items in each of the major stores and adequate backup stock.

The additional advertising might initially involve use of the current commercial. Or we might want to consider producing another version that sold Arm In Arm competitively as *the* superior baking soda product. If we did the later we would of course be in a position to know the best way to operate if, as and when Johnson & Johnson goes national.

Let's discuss.

Cordially,

/s/ BILL  
William J. Watt

cc A. Pawlick  
C. Cooper  
J. Zwiren

Jim Riley - Bill Watt - Hugh Wells - For Your Life

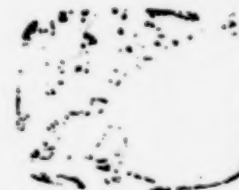
# Radio TV Reports

41 East 42nd Street New York N.Y. 10017  
(212) 697-5100

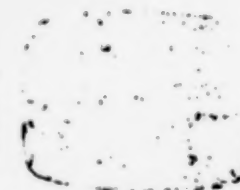
PRODUCT SHOWER TO SHOWER  
PROGRAM DRY SPRAY DEODORANT  
MAUDE  
WDTV-TV

11/17/75  
(WESTON)

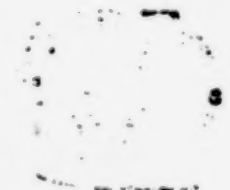
WS7E1217  
30 SEC.  
9:42PM



1. JMAN: I don't hide  
underarm odor any more.



2. 'Cause new Shower to  
Shower Dry Spray Deodorant has baking soda.



3. CHORUS: You don't  
have to worry any more,  
oh, no.



4. You're more secure than  
ever before. Oh, yeah.



5. 'Cause you've got nothing  
to hide



6. when you're using Shower  
to Shower.



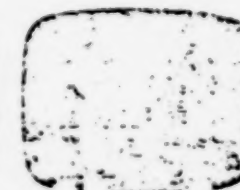
7. ANNCR: New Shower to  
Shower Dry Spray



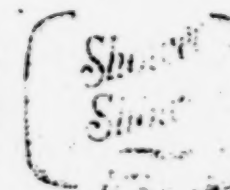
8. with baking soda



9. absorbs and neutralizes  
odor before it happens.



10. CHORUS: You've got  
nothing to hide



11. when you're using Shower  
to Shower.

0009193

BEST COPY AVAILABLE

Supreme Court, U. S.

FILED

JAN 30 1978

MICHAEL BODAK, JR., CLERK

IN THE

**Supreme Court of the United States**

OCTOBER TERM, 1977.

**No. 77-935**

HELENE CURTIS INDUSTRIES, INC.,

*Petitioner,*

vs.

CHURCH & DWIGHT CO., INC., and  
ALLIED CHEMICAL CORPORATION,

*Respondents.*

CHURCH & DWIGHT CO., INC.,

*Respondent,*

vs.

HELENE CURTIS INDUSTRIES, INC., and  
N. W. AYER & SON, INCORPORATED,

*Petitioners.*

(Consolidated Causes)

**REPLY BRIEF OF PETITIONER IN SUPPORT OF  
PETITION FOR WRIT OF CERTIORARI**

ABE FORTAS,

1200 Twenty-Ninth Street N. W.  
Washington, D. C. 20007,  
(202) 337-5700,

*Attorney for Petitioner, Helene  
Curtis Industries, Inc.*

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IN THE  
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OCTOBER TERM, 1977

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HELENE CURTIS INDUSTRIES, INC.,  
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---

**REPLY BRIEF OF PETITIONER IN SUPPORT OF  
PETITION FOR WRIT OF CERTIORARI.**

---

Respondent's brief underscores petitioner's submission that it is important to our competitive economy, and to the administration of the antitrust and trademark laws, that this Court issue a writ of certiorari and decide the issues presented by the present case.

## I.

**The Antitrust Defenses.**

1. Respondent argues that this is "a straightforward trademark infringement suit" (Opp. Br. 2), but it is not. The issues presented are antitrust questions, relating to the interaction of antitrust laws and concepts and the trademark laws. As this Court recently stated, "Antitrust laws in general and the Sherman Act in particular, are the Magna Carta of free enterprise." *United States v. Topco Associates, Inc.*, 405 U. S. 596, 610 (1972).

2. Respondent asserts that "trademarks are not powerful anti-competitive devices." (Opp. Br. 11.) On the contrary, as this Court recognized in *Topco, supra*, 405 U. S. at 605-606,<sup>1</sup> trademarks, in this age of massive advertising and franchising, are prime competitive instruments, capable of being used anti-competitively. In the field of distribution, in fact, the exclusive rights that trademarks vest in their owners are the economic equivalent of patents in the manufacturing field. See Pet. 18-22; see also, Bahin, *Abuse of Trademarks*, 7 U. of Mich. J. L. Ref. 644, 645ff. (1974); Papandreou, *The Economic Effect of Trademarks*, 44 Cal. L. Rev. 503 (1956) ("the influential use of trademarks constitute[s] a source of monopoly power" (at 504), and "a device inhibiting entry and access" (at 508)).

3. Respondent contends that "allegations of antitrust violation are not a general trademark infringement defense" (Opp. Br. 13), and "even if Curtis were able to substantiate its extraordinary antitrust allegations, they would *not* constitute a complete defense in any sense of the word" (Opp. Br. 14, 15). (Emphasis in the original.) It asserts that Section 33(b)(7) of the Trademark Act merely defeats the "conclusiveness of the presumption that would otherwise attach to the registration," but that it "may not be used to preclude enforcement of a mark

1. Respondent does not discuss *Topco* although it is relied upon in our Petition at p. 19.

independently shown to be valid and infringed." (Opp. Br. 14.) Section 33(b)(7), which has never been construed by this Court, provides that the registration of a trademark is not conclusive evidence of the registrant's exclusive right to use it where "the mark has been or is being used to violate the antitrust laws of the United States." (Pet. 4, 5.) In our view, the effect of this provision is that the registered trademark, in the described circumstances, is unenforceable.

Further, it is clear that, regardless of Section 33(b)(7), under established principles of law and specific decisions of this Court, proof of the use of a trademark in violation of the antitrust laws is a complete defense to an infringement action. Pet. 16ff.; *Timken Roller Bearing Co. v. United States*, 341 U. S. 593, 599 (1951); *Ford Motor Co. v. United States*, 405 U. S. 562, 576 (1972); *United States v. Bausch & Lomb Optical Co.*, 321 U. S. 707 (1944); see also, Section 33(a) of Trademark Act set forth in our Petition, p. 4.

4. Some of the decisions cited by respondent—all of them being District Court opinions—support respondent's reading of Section 33(b)(7), but none of them refutes the proposition that, under established principles of law, the use of a trademark in violation of the antitrust laws is a complete defense to a charge of trademark infringement. The basic difficulty, however, which urgently requires the intervention of this Court, is that many lower courts—like the District Court and the Court of Appeals in the present case—hold that the applicability of antitrust is very narrowly limited. Or, to use the words of the Court of Appeals in the present case, "antitrust defenses" are of "limited applicability and viability . . . to trademark infringement claims." (560 F. 2d at 1337, Pet. App. 19.)

5. The present case presents the clearest possible use of a trademark in violation of the antitrust laws. In order to protect and extend the 100% monopoly of baking soda and baking soda products which respondent had established under its registered trademark Arm & Hammer, respondent, as it has done in

other situations, countered petitioner's introduction of a new baking soda product by quickly launching its own fighting product under its accepted, monopolistic trademark.<sup>2</sup> This is a clear violation of antitrust laws—the use of a governmentally conferred right to the exclusive use of a trademark “progressively to embrace each new opportunity as it opened,”<sup>3</sup> to “foreclose competition”<sup>4</sup> and extend the monopoly which was established under the registered trademark.

Despite these facts, and despite the fact that the antitrust misuse of the trademark was well pleaded and supported by evidence, the District Court made no findings and stated no conclusions whatever with respect to the impact of respondent's unlawful, anticompetitive actions upon respondent's claim to relief under its complaint. The District Court granted a preliminary injunction solely on the basis of findings that the trademark was valid and infringed and that petitioner's mark “Arm in Arm” had resulted in confusion with respondent's mark. Its sole comment relating to antitrust was that “None of the evidence . . . shows that confusion . . . has been caused . . . by

2. Respondent advertised and promoted its fighting product as Arm & Hammer “The Baking Soda Deodorant” (emphasis added) to capitalize on 100% consumer acceptance of and familiarity with its mark as the *only* baking soda. An official of respondent testified on deposition as follows:

“Q. Why were you not content to simply call it ‘A Baking Soda Deodorant’?”

“A. ‘A’ suggests more than one, I guess. I don’t know.” (Abney Dep. 337, 338.)

3. *American Tobacco Co. v. United States*, 328 U. S. 781, 814 (1946). In *United States v. Griffith*, 334 U. S. 100 (1948), this Court held that it was a violation of Sections 1 and 2 of the Sherman Act where defendant theater operators had used their combined monopoly positions in certain towns (one market) to gain competitive advantages in other towns (a second market) where they had no monopoly. This is analogous to the use of Church's monopoly power in the baking soda market to gain a competitive advantage in the baking soda deodorant market.

4. *United States v. Griffith*, *supra* n. 3, 334 U. S. at 107.

any monopolization by [respondent] of . . . products containing Baking Soda.” (Pet. App. 122; Pet. 10.)<sup>5</sup>

Neither the District Court nor the Court of Appeals made a finding or stated a conclusion as to whether plaintiff/respondent is likely to prevail in establishing its antitrust defenses.<sup>6</sup> Such a finding was essential to valid issuance of a preliminary injunction since (i) the use of a trademark in violation of antitrust laws is a complete defense to a trademark infringement suit, and since (ii) defendant/petitioner properly pleaded and submitted evidence in support of its antitrust defense (*see infra*). The basic reason for the absence of findings in the District Court on this subject is clear: The District Court did not regard antitrust violations as a viable defense to a trademark infringement action.

On appeal, the Court of Appeals similarly failed to discuss the substance of petitioner's antitrust allegations and evidence. It held that “the defense of antitrust misuse is largely ‘available to defeat the conclusive evidentiary force that would otherwise attach to a trademark certificate under the [Lanham] Act’” (560 F. 2d at 1336, Pet. App. 16), and it concluded that antitrust defenses were of “limited applicability and viability.” (560 F. 2d at 1337, Pet. App. 19.)

In arriving at this extremely limited conclusion as to the effect of antitrust violations upon trademark enforcement, the Court of Appeals' principal reliance was upon a portion of the opinion of Judge Mansfield, the District Judge, in *Carl Zeiss Stiftung*

5. This conclusion was addressed to defendant/petitioner's contention that the alleged “confusion” between defendant's product and plaintiff—which plaintiff sought to establish to show infringement—was the consequence of plaintiff's 100% monopoly which caused consumers to assume that any product with baking soda is an “Arm & Hammer” product. *E.g.*, the record contains the following statement from a memorandum in plaintiff's files: “Any manufacturer who advertises a deodorant with baking soda will be promoting ARM & HAMMER Deodorant. Because, when you say Baking Soda you automatically say Arm & Hammer.” (Emphasis in Original.) (Abney Dep. Ex. 8, Doc. P6494.)

6. See cases cited, 7 *Moore's Federal Practice*, ¶ 65.04[1] pp. 65-39; 11 *Wright and Miller, Federal Practice and Procedure: Civil*, § 2948, pp. 430-431.

v. *VEB Carl Zeiss Jena*, 298 F. Supp. 1309 (S. D. N. Y. 1969), *aff'd as modified* 433 F. 2d 686 (2 Cir. 1970), *cert. den.* 403 U. S. 905 (1971). Judge Mansfield's highly influential opinion, frequently relied upon by district courts, concluded that Section 33(b)(7) of the Trademark Act does not provide that the defense of trademark misuse in violation of the antitrust laws is a defense to enforcement of the mark. Judge Mansfield held that "the defense of antitrust misuse [is merely] to defeat the conclusive evidentiary force that would otherwise attach to a trademark certificate under the Act." (298 F. Supp. at 1311-12.) He proceeded to hold,<sup>7</sup> however, that "[a]lthough the issue is not free from doubt, we believe that a court, in the exercise of its equity powers, may deny enforcement of a trademark on the part of one who has used that trademark in violation of the antitrust laws" where the "mark itself has been the basic and fundamental vehicle required and used to accomplish the violation." (298 F. Supp. at 1314, 1315.) He held that this possibility of "effective antitrust misuse of a trademark" is extremely "limited." (*Id.* at 1314.) Judge Mansfield found, after trial, that the defendant had failed to prove any violations and this finding was affirmed by the Court of Appeals, without discussion of the legal principles. (433 F. 2d at 706.) We do not disagree with the result reached on the evidence in *Zeiss*.

Our case is vitally different because both the allegations and the undisputed evidence submitted by petitioner demonstrate that in this case, respondent used its trademark and its 100% monopoly in the baking soda retail mark to eliminate petitioner's competition, in violation of the antitrust laws. We do, however, disagree with Judge Mansfield's construction of Section 33(b)(7) of the Act—and specifically with his erroneous conclusion that "the opportunity for effective antitrust misuse of a trademark" is "limited." (298 F. Supp. at 1314.) These are errors which have influenced all subsequent decisions in this field. See, *e.g.*, cases cited by the respondent: *Ceramco*,

7. Citing *Morton Salt Co. v. C. S. Suppiger Co.*, 314 U. S. 488 (1942); see Pet. 19 and 16 ff.

*Inc. v. Lee Pharmaceuticals* (Opp. Br. 13), "That plaintiffs have violated the antitrust laws is no answer to a claim of trademark infringement," 1976-1 Trade Cas. ¶ 60,815 (E. D. N. Y. 1976); *Seven-Up Co. v. No-Cal Corp.* (Opp. Br. 13), 183 U. S. P. Q. 165 (E. D. N. Y. 1974), "a claim of an attempt to create a monopoly by the use of a trademark is insufficient." But *cf. Phi Delta Theta Fraternity v. J. A. Buchroeder & Co.*, 251 F. Supp. 968 (W. D. Mo. 1966) and *Zenith Radio Corp. v. Marshall-Wells Co.*, 1959 Trade Cas. ¶ 69,343 (N. D. Ill. 1959).

6. Respondent argues, and lower courts have asserted, following Judge Mansfield's lead, that this Court's firm condemnation of antitrust misuse in patent cases is not applicable to trademarks, although this Court has similarly ruled in trademark cases and has made no such distinction. (Pet. 17.) They assert that the misuse of a trademark does not pose a serious threat to the economic health of a nation, whereas the contrary is true of patents. (See, *e.g.*, Opp. Br., footnote p. 11; *Carl Zeiss, supra*, 298 F. Supp. at 1314.) This proposition may have had some force in the remote past; it is a vast overstatement today when, as a result of television, mass media advertising, franchising, and other developments in the distributive process, trademarked brands have acquired powerful, quasi-monopolistic positions in the marketplace. *Ford Motor Co. v. United States*, 405 U. S. 562 (1972) (quoted Pet. 17), and *cf.* this Court's opinion in *Topco, supra*, 405 U. S. at 610; Pet. 19-22.

The present case dramatically demonstrates the power of trademarks in the marketplace, their potential for antitrust misuse, and their actual misuse for monopolistic purposes contrary to our law and basic public policy. Baking soda is a common household product, simply manufactured by an unpatented and uncomplicated process. For over 100 years, respondent has packaged and marketed baking soda under its mark "Arm & Hammer." Baking soda is present in over 90% of America's households. (Zwiren Dep. Ex. P0008.) Arm & Hammer

brand is the *only* baking soda sold at retail in this country; it has a 100% monopoly. Not content with this monopoly, respondent has consistently, without exception, fought any and every new consumer product containing baking soda which anyone has sought to introduce in the marketplace. Defendant/petitioner so alleged and, despite the fact that it was barred by a Rule 42(b) Order from discovery on the antitrust issues, petitioner introduced evidence as to two such instances in addition to its own experience, relating to a Colgate toothpaste containing baking soda and a Johnson & Johnson baking soda deodorant. (See Affirmative Defenses ¶¶ 119-121, 134-140, Pet. App. 79-83, 89-92; Pet. footnote 13, p. 21, p. 24.)

There is and can be no doubt that respondent in the precise, present situation, invoked against petitioner its universal policy of using its accepted trademark Arm & Hammer to preempt all competitive and potentially competitive consumer products containing baking soda and to prevent access and entry by competitors to any part of that market. The record contains a memorandum of respondent setting forth its policy, as follows:

*"General Advertising Strategy*

\* \* \* \*

"4. Pre-empt all competitive (or potentially competitive) deodorants which contain baking soda by capitalizing upon the Arm & Hammer name."

(Defendant's Church & Dwight Dep. Ex. 7, Doc. P9291; Pet. footnote 12, p. 21.)

This policy was translated into effective action against petitioner, as the record shows. (Pet. 5-7.) Shortly after petitioner introduced its personal deodorant "containing baking soda," respondent launched its "Arm & Hammer" personal deodorant, "The Baking Soda Deodorant." It had never before marketed a personal deodorant; its "product line [had] consisted of non-personal care products." (Pet. App. 146.) Although it had obtained the registration of "Arm & Hammer"

for a variety of products, respondent had never sought registration of the mark for a personal deodorant until *after* petitioner had filed an application for the mark which it used and had begun marketing its product.

7. The courts below did not discuss this indisputable evidence. They did not evaluate its impact; they did not discuss this clear, palpable use of a trademark which was the heart of respondent's 100% monopoly and "the prime and effective instrument to effectuate the antitrust activity"<sup>8</sup> for the purpose of preempting petitioner's competitive (or potentially competitive) product—to "embrace each new opportunity as it opened."<sup>9</sup> They did not discuss whether these facts, alleged in the pleadings and demonstrated by the evidence, constituted an antitrust defense which precluded judicial enforcement of the trademark. The District Court, as we have noted, ignored the entire subject of antitrust defenses, and the Court of Appeals, without elaboration, dismissed all of petitioner's allegations and evidence with the unexplained assertion that they are "remote and ill-founded." (560 F. 2d at 1331, Pet. App. 8.)

We respectfully submit that this was clearly erroneous—that it can be explained only by the courts' erroneous legal view of the interface and effect of antitrust upon trademark enforcement; and we suggest that this is an appropriate and a felicitous case for this Court to hand down badly-needed clarification of the law in a field of great importance to our legal and economic system.

## II.

### The Impact of the Rule 42(b) Order.

1. Respondent contests petitioner's presentation with respect to the Rule 42(b) Order on the grounds that "Curtis is in no position to claim prejudice as a result of the Rule 42(b) [Order]."

8. Quoted from Judge Mansfield's opinion in *Carl Zeiss, supra*, 298 F. Supp. at 1314.

9. *American Tobacco Co. v. United States*, 328 U. S. 782, 814 (1946).

That is because Curtis' antitrust allegations as a matter of law are not a general defense to a trademark infringement claim. . . ." (Opp. Br. 18.) As we have shown, this contention is insupportable.<sup>10</sup>

The issues which petitioner presents to this Court with respect to the Rule 42(b) Order are two-fold: First, was it error for the courts below to grant a preliminary injunction where, by reason of the Rule 42(b) Order, petitioner had been unnecessarily and erroneously denied an opportunity for discovery as to its defense that the trademark had been used in violation of the antitrust laws and established equitable principles? Second, was the issuance of the Rule 42(b) Order clearly erroneous: that is, was it error for the District Court to require that the plaintiff/respondent's claim for damages and other relief be tried *and decided* before the antitrust issues are heard, and independently of those issues, particularly where both the "trademark" and the antitrust claims are triable by jury?

We do not contest the fact that in some cases where antitrust as well as trademark or patent issues are presented, it is appropriate for the trial court under Rule 42(b) to sever the two types of issues and to defer discovery on the antitrust issues. This may not be done, however, when the effect is to deny to a party its substantive rights to make its well-pleaded defenses or to jury trial.

Typically, as the cases cited by respondent show, antitrust issues may be severed and deferred where the antitrust issues

10. Respondent also obscures two facts relating to the 42(b) Order. (1) Respondent refers to "dismissal . . . of Curtis' earlier petition for writ of certiorari to review the Second Circuit Court of Appeals'" order denying mandamus to compel Judge Burke (E. D. N. Y.) to vacate the 42(b) Order which was originally entered by him. (Opp. Br. 3.) The petition was dismissed on petitioner's motion because it was moot, the entire case having been transferred to the Northern District of Illinois. (See this Court's file, 1976 Term, No. 491, 429 U. S. 1011 (1976).) (2) The Court of Appeals did not rule on the 42(b) Order. While indicating its view that the District Court did not abuse its discretion in entering the order, it expressly noted that the District Court had not yet ruled on a motion to vacate the order and would have "a further opportunity to consider" its propriety. (App. 17.)

are solely counterclaims and not defenses, and where the patent/trademark issues or the entire case is triable to the court and not to a jury.<sup>11</sup>

By contrast, in the present case, (i) the antitrust issues are alleged as defenses as well as counterclaims (see Pet. App. 50-97); (ii) the allegations and the evidence as to the antitrust defenses clearly constitute a bar to enforcement of the trademark; and (iii) jury trial was demanded, by plaintiff/respondent itself, on all issues—trademark validity and infringement as well as antitrust.

In these circumstances, the Rule 42(b) Order was clearly erroneous: The antitrust defenses and the issues of trademark validity and infringement presented by the complaint are neither independent, distinct nor separable; neither an interlocutory nor a final order granting relief under the complaint can be law-

11. All of the cases cited by respondent in which the Rule 42(b) Order has been ruled upon and sustained are district court decisions, and in every one of them the antitrust issue was a counterclaim and not a defense, either because it was not pleaded as a defense or because it was not alleged that the trademark played a part in the antitrust violation, and/or the patent or trademark issues sought only equitable relief or were otherwise triable to the court alone, and not to the jury. (Cases cited in Opp. Br. footnote p. 17.) See, e.g., *Forstmann Woolen Co. v. Murray Sices Corp.*, 10 F. R. D. 367 (S. D. N. Y. 1950), where the court struck the allegations of antitrust violation because they did not assert that the trademark was used for the purpose, but allowed the allegations to stand as counterclaims, and *Forstmann Woolen Co. v. Alexander's Dept. Stores*, 11 F. R. D. 405 (S. D. N. Y. 1951), in which the court held that the antitrust counterclaims and defenses would be a complete defense.

Respondent also cites *Union Carbide Corp. v. Ever-Ready, Inc.*, 392 F. Supp. 280 (N. D. Ill. 1975), *reversed* 531 F. 2d 366 (7 Cir. 1976), *cert. den.* 429 U. S. 830 (1976). In that case, the District Court did not rule upon the Rule 42(b) Order since it dismissed the complaint on the grounds that the trademark was not valid and was not infringed. On appeal, the Court of Appeals reversed on these issues. It is significant to note that in remanding the case the Court of Appeals explicitly ruled that defendants must be given an opportunity to establish their antitrust defenses and that the District Court should enter an appropriate injunction *only* if the defendants failed to establish their antitrust defenses. *Id.*, 531 F. 2d at 389.

fully issued without evaluating and ruling upon the antitrust defenses as well as the "trademark" issues and without affording the defendant a reasonable opportunity for discovery and proof of its defenses (an opportunity more or less extensive, depending on the circumstances and upon whether interlocutory or final relief is under consideration); and the order is a clear denial of the right to jury trial which was here demanded on all issues. In these circumstances, it is clearly erroneous to order, as was done here, that "the issues raised by defendant's affirmative defense [including discovery] . . . are stayed until the issues raised by the complaint have been tried and decided" (Pet. App. 100), and it was clearly error to grant a preliminary injunction as to the trademark claims without specifically evaluating and ruling upon the "inextricably intertwined" antitrust defenses.

2. The controlling principles with respect to separation of issues have been stated by this Court both with respect to when separate trials may be ordered and the effect of jury trials: (i) separate trials may be ordered only if the issues are "so distinct and separable from the others that a trial of [one issue] alone may be had without injustice," *Gasoline Products Co. v. Champlin Refining Co.*, 283 U. S. 494, 500 (1931); and (ii) separate trials may not be ordered where the net practical effect is to deny defendant's right to a jury trial. *Beacon Theatres, Inc. v. Westover*, 359 U. S. 500 (1959.)

3. It is clear that the Rule 42(b) Order was erroneous: the "trademark" and "antitrust" issues are *not* "distinct and separable;" the trademark issues cannot be heard or decided without hearing and deciding the antitrust defenses. The Rule 42(b) Order cannot be justified as an exercise of the discretionary power of the District Court since it was obviously based on an error of law: that is, the misconception that the antitrust defenses asserted by petitioner would not constitute a defense to the infringement action.

4. It should be emphasized that the Rule 42(b) Order which was entered in the present case does not relate merely to

the order of proof. The trial court ordered that the issues "raised by the complaint," *i.e.*, the issues of validity and infringement of respondent's trademark, were to be "tried and decided" before trial of the antitrust defenses. (Pet. App. 100.) The court asserted that if plaintiff succeeded in establishing the claim of its complaint (*i.e.*, if the trademark were held valid and infringed), this "may obviate the necessity to try the antitrust issues. . . ." (Pet. App. 99.)

Obviously, however, no decision can possibly be made as to the merits of the complaint without a trial and adjudication of defenses which, as we have shown, if proved would necessarily prevent the entry of judgment in favor of the complaint. And we submit that it is equally obvious that it is reversible error for a court totally to deny to defendant a reasonable opportunity of discovery with respect to its well-pleaded antitrust defenses before issuing a preliminary injunction, at least in the absence of a showing of extraordinary urgency which justifies the denial of this right to defendant. It is clear that no such showing could be made here. Plaintiff/respondent did not even apply for injunctive relief until almost thirteen months after it filed its action and the injunction was not issued until more than seven months after the motion was filed.

5. The Rule 42(b) Order in this case denies defendant/petitioner its constitutional right to due process—that is, to a reasonable opportunity to make and prove its defense to the complaint before the issues presented by the complaint are decided either by a final order or a preliminary injunction.

6. Respondent argues that "There is no constitutional mandate that the same jury must try all issues raised by a complaint and by defenses. . . ." (Opp. Br. 20.) This is precisely refuted by this Court's decision in *Beacon Theatres, Inc. v. Westover*, 359 U. S. 500 (1959) (see Pet. 24-26). Clearly, if the antitrust violations are a defense to the trademark infringement claims, the jury considering and deciding the validity and infringement issues must also hear and decide the antitrust evidence.

Respondent relies upon a quotation from 9 Wright & Miller, *Federal Practice and Procedure: Civil*, § 2391, at 302 (1977) to the effect that the constitutional guaranty of the Seventh Amendment is not violated if issues are separately submitted to separate juries. (Opp. Br. 20.) But respondent surprisingly omits any reference to the next following comment of Wright & Miller, which is applicable to the present case:

"There is one limitation that must not be overlooked. In the case stating that a partial new trial may under some circumstances be used, the Supreme Court held that this practice cannot be resorted to unless it clearly appears that the issue to be retried is so distinct and separable from the others that a trial of it alone may be had without injustice. [Citing, *Gasoline Prods. Co. v. Champlin, supra*.] Similarly separate trial of a particular issue cannot be ordered in the first instance where the issue is so interwoven with the other issues that it cannot be submitted to the jury independently of the others without confusion and uncertainty which would amount to a denial of a fair trial." *Id.* at 303.

In the present case, the relief sought by the complaint includes a prayer for compensatory and punitive damages. (Pet. App. 36-37.) A jury trial was demanded by plaintiff/respondent on all issues. There is no contention that any part of this case may lawfully or constitutionally be tried except by jury. We accordingly submit that the entry of the Rule 42(b) Order was precisely in conflict with this Court's decision in *Beacon Theatres, supra*.

### CONCLUSION.

Petitioner respectfully renews its prayer that a writ of certiorari be issued to review the judgment of the United States Court of Appeals for the Seventh Circuit.

Respectfully submitted,

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